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THE CREDIT WORLD

of the

**NATIONAL RETAIL
CREDIT ASSOCIATION**

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• SEPTEMBER 1947

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The CREDIT WORLD

OFFICIAL PUBLICATION OF THE NATIONAL RETAIL CREDIT ASSOCIATION

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25 YEARS
AGO
in the
CREDIT WORLD

MOST OF THE feature articles in The CREDIT WORLD for September, 1922, 25 years ago, were made up of excerpts from speeches given at the Tenth Annual Convention of the Association, held in Cleveland the preceding June.

★ ★ ★

A prominently displayed article, written by Glenn A. Johnston of Tacoma, Wash., was "Is Interest on Overdue Charge Accounts an Incentive for Better Collections?" Mr. Johnston discussed competition in terms, apparently a problem then as it is now. He gave arguments against the tendency, arising from such competition, not to charge interest (or carrying charges) on credit purchases.

★ ★ ★

J. H. Van De Water, Los Angeles, Calif., contributed an article, "Adjustment Bureaus as Permanent Adjuncts to Exchanges." "A Look Forward and a Glance Backward," by J. H. Tregoe, Secretary-Treasurer of the National Association of Credit Men, discussed political and social conditions then prevailing.

★ ★ ★

A report of the Pay-Up Campaign Committee was included. Written by C. P. Younts, Houston, Tex., it described experiences of the Committee's national and regional chairmen, and gave suggestions for promotional work in educating the public to pay bills promptly.

★ ★ ★

"A 'Double Check' on Credits," by Warren C. Johnson, described a plan developed by the Waldorf Astoria Hotel in New York for reducing credit losses through use of a visible index. George Kramer, San Francisco, Calif., was the author of an article, "How To Obtain Necessary Information for Safely Opening an Account."

★ ★ ★

C. H. Carleton, Dallas, Tex., contributed "Some Observations on Texas Credits." An article by H. C. Delezene, Detroit, Mich., was entitled "Ways To Trace Skips." "Practice on the small claims so as to know how to handle the big ones," advised Mr. Delezene, after listing various methods of locating skips.

★ ★ ★

"Credit Information Exchange," an article by David J. Price, was included. Mr. Price, who had been First Vice-President of the Association for the preceding year, said in part, "If you are the Credit Man, you're the biggest man in your organization. You are honored with one of the greatest trusts a man can hold, and if you are a real Credit Man, you are in touch with everything going on over this entire United States."

★ ★ ★

A forerunner of "The Credit Clinic" was "The Monthly Question." Five questions on credit problems were listed and readers were invited to send in answers.

A. H. Hert.

CREDIT WORLD 3
SEPTEMBER 1947



Order Out of Chaos

George C. Dyer
Attorney, St. Louis, Mo.

(An address before the 33rd Annual Business Conference, N.E.C.A., St. Louis, Mo., June 16-19, 1947.)

I BELIEVE YOU will be interested in any organization which aids in the rehabilitation of human beings, particularly their rehabilitation from a credit standpoint, which benefits the businessman who extends credit to them and, in turn, gladdens all mankind.

An organization which has brought much order out of chaos is Alcoholics Anonymous. At the outset, I want to make our position on four matters clear. First, this organization is not a prohibition organization. In fact, it is opposed to prohibition, because we feel that prohibition is impractical and psychologically unsound. Second, we are not reformers or crusaders in any sense. We do not seek to impress our views on any person or group unless those views are solicited. Third, we have no "racket." We are not trying to interest you, directly or indirectly, in parting with any of your hard-earned money. We have no dues, no assessments, and we do not accept gifts from either public or private charities. At the inception of this work, a proffered gift of half a million dollars from the Rockefeller Foundation was declined by the Alcoholic Foundation.

The fourth point that I want to make clear is that we have no quarrel whatsoever with the normal drinker. We take our hats off to you. God knows we would like to be able to drink with you, but we have learned the hard way that we cannot. We are interested only in that small segment of drinkers who are what we term alcoholics or compulsive drinkers, who furnish a serious problem, not only to themselves and to society generally, but to business and the credit field as well.

In order to give you an idea of our viewpoint with respect to moderate drinking, you will be interested to know that most of us serve liquor in our homes. We do not serve it to problem drinkers if we know that they are problem drinkers, but usually we do not find that out until they have demonstrated the nature of their malady. A little more than a year ago, we gave a cocktail party for the first lady member of Alcoholics Anonymous, at which she was introduced to various members of the press, radio and other publicity representatives. I mention this to demonstrate that, even though some of us have learned the hard way that we cannot drink, we say to those who can, "More power to you."

The problem of alcoholism, as distinguished from drinking, is of major and serious importance. It is important to the nation as a health problem, having been rated as the fourth major public health problem. It is important to the individual (and I can personally vouch for this) because his liberty and, in many instances, his life depend on his recovery. It is important

to businessmen and to the credit field because millions of dollars are lost annually by extending credit to alcoholics. I have searched in vain for statistics and figures, but an estimate of millions of dollars is bound to be conservative. Consequently, not only from the humanitarian standpoint, but from a business standpoint, you are interested in any plan or program which will aid in the recovery of the more than 2,500,000 chronic alcoholics in this country.

In my humble judgment, through observation and from my own personal experience, the alcoholic is one of the worst credit risks to whom credit is ever extended. Conversely, I may also say with a certain degree of pride that, in my humble judgment, a recovered alcoholic is one of the best credit risks known.

A few hard statistical facts will make more clear to you the importance of this problem. No doubt, you have given consideration, at one time or another, to the effect of alcoholism on credit. Last year, the American people spent eight billion, 700 million dollars for alcohol—and not the kind you put in radiators. There are between 2,500,000 and 3,000,000 alcoholics in this country, out of approximately 55 million people who drink. That is a comparatively small percentage. Only 5 per cent of the persons who drink are now or will become alcoholic. The other 95 per cent go merrily on their way and enjoy their drinking throughout their lives. That is why we of the 5 per cent would like to belong to the 95 per cent.

However, among the bills chargeable, not to drinking but to alcoholism, according to statistics recently released by the National Committee on Alcoholism, sponsored by Yale University, there are annual wage losses of 432 million dollars resulting directly from alcoholism. There is a loss through crime resulting directly therefrom of 188 million dollars. Through accidents, there is a loss of 89 million dollars. In medical care, there is a loss of 31 million dollars, and in the maintenance of local jails for the care of alcoholic patients there is a loss of 25 million dollars. Other costs cannot be reckoned.

Annual Deaths from Alcoholism

Apart from the financial loss which occurs every year, 12,000 men and women die annually directly from alcoholism. Consequently, you can see the importance of this problem. There is a difference between the alcoholic and the normal drinker, for your problem in the credit field and our problem in attempting to aid these persons has to do only with the problem of alcoholism itself and not with the problem of moderate drinking.

The alcoholic frequently will use his credit to obtain articles that can be "hocked" or sold and from which, sooner or later, he can realize sufficient money to continue his drinking. I know of several such instances in the local organization of Alcoholics Anonymous here in St. Louis, which now numbers about 600. One fellow bought 20 volumes of literary works at a cost of approximately \$125, and later sold those books for \$7,

although the covers had not been removed and the binding had not been soiled, just to get enough money to continue a drinking spree.

The only real meaning of money or credit to an alcoholic in his drinking program is the ability to obtain, either on cash or on credit, more alcohol to continue his drinking. When the alcoholic obtains credit loosely, in nearly every case, he has no intention of "beating" the person who extends credit to him. In fact, that consideration does not enter his mind at all. The compulsive drinker, the abnormal drinker, has no interest in anything except satisfying this insidious craving for more liquor.

I know from my own personal experience that I would have done anything in my drinking days in order to get more liquor to satisfy this inordinate appetite, which is a symptom and earmark of a dangerous malady or disease.

I would like to point out the difference between a normal and an abnormal drinker. A normal drinker is a person who drinks either frequently or infrequently, many times perhaps to excess, but whose drinking does not in any way interfere with his ability to discharge his obligations to his business, his family, or his associates. His drinking does not impair his physical or mental fitness in any way. That is the type of person who drinks for fun. He may get on a bender once in awhile, but he does not get up the next morning and go for another drink, and carry it on through the next day, and the next, etc. The mere fact that a person gets on a "spree" occasionally or gets a little "high" once in awhile is no indication he is an alcoholic.

Whenever a person drinks, not because he wants to have fun, but because he feels that he must have a drink to survive, he has changed from a normal drinker into an abnormal drinker or alcoholic. This abnormal drinker, or alcoholic, is a person who usually drinks with a fair degree of regularity, although there are periodic drinkers in that category. His drinking definitely impairs his obligations and his ability to discharge his duties to his family, to his business, his financial duties. It impairs his health. He knows that full well, and nevertheless continues to drink to excess. That type of individual is afflicted with an insidious disease known as alcoholism.

No Interest in Normal Drinker

Alcoholics Anonymous has no interest whatsoever in the normal drinker. We try to aid in the rehabilitation of abnormal drinkers or alcoholics. Another definition of an alcoholic is a person who is physically allergic to alcohol and in whom an insatiable desire to drink to excess is created by the first drink. You know the type of individual who, when he takes one or two cocktails, just cannot stop until he is "loaded." Then he begins to feel like the very devil and he finds the only effective cure for the hang-over or the "shakes" is a "little hair off the dog that bit him the night before."

It happens that I speak from experience, because I am an alcoholic. I use the present tense, rather than the past, because alcoholism is much like diabetes. "Once a diabetic, always a diabetic; and once an alcoholic, always an alcoholic." There is no complete recovery from

either of these two diseases, but there is a method of arresting the disease so the person afflicted with it can, if he takes care of himself, continue to live a long, useful and happy life, and be just as normal as the person who is not so afflicted.

Frankly, I am not ashamed that I am an alcoholic. I am not ashamed because I have accepted the truth of the scientific statement, fortified by findings of the American Medical Association, that *alcoholism is a disease*. I cannot be ashamed that I am an alcoholic any more than I could be ashamed to be a diabetic. Shame is not involved. The sooner the American people come to look upon the unfortunate alcoholic as a victim of a disease instead of a social outcast and moral degenerate, the sooner he will have an opportunity to recover. No man or woman who is suffering from this disease can ever begin his road to recovery until he or she freely and frankly admits that alcohol has him down, that he is an alcoholic and he cannot do anything about it. So long as, by making this admission, he places upon himself a false social stigma, he will be reluctant to take the first step in any program of recovery.

The Finer Things in Life

Of the fact that I am an alcoholic I am not ashamed, nor am I sorry. I am extremely sorry for much tragedy that I brought to loved ones during my drinking days, but I am not truthfully sorry that I am an alcoholic, for two reasons: First, I believe that my affliction has brought me earlier in life to a more full and complete realization of the finer things in life than would ever have come to me had I not been so afflicted. Second, had I not been so afflicted I would not now be able to aid in the recovery of others who are suffering from the same malady, for only an alcoholic can talk the language of another alcoholic.

The well-meaning parent, brother, sister, wife, husband, employer or friend can have little or no effect in attempting to bring about the recovery of an alcoholic. Yet, one of us who has gone through the mill can sit down and talk to one of those fellows and awaken a mutual interest which affords an early opportunity for beginning a program of recovery.

When I was 18 years old, I received an A.B. degree from a small Methodist college in my home town of Warrenton, Missouri, Central Wesleyan College. I was chosen as alternate Rhodes scholar to Oxford University in England. Fortunately, the real Rhodes scholar, Arthur Bond of the University of Missouri, elected to go to Oxford and I was spared the rather dubious privilege of getting drunk and staying drunk in England instead of in the United States.

The fact that I received my A.B. degree at such an early age and that I was runner-up for the Rhodes scholarship brought me the congratulations and good wishes of many friends. There were newspaper articles, too. There began to develop in me the greatest ego, in my opinion, that was ever born.

Then I came to Washington University in St. Louis to begin the study of law. I learned to drink socially. Fortunately, most of my friends who drank with me are still drinking socially, but I am not, for obvious reasons. In the University, drinking became a problem with me promptly. It was not long until I learned that another drink would soothe those anguished nerves and comfort that nauseated stomach. Maybe you have just a slight recollection of what I mean. You know you can have that sort of thing without being an alcoholic.

In my University career, alcohol soon became a serious problem. A short time after my grades justified an

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alternate Rhodes scholarship rating, I received a "condition" in one of my law courses, which is the nearest thing to a "flunk." That was a direct result of my drinking. Unfortunately for me, alcohol promptly became a problem in my life, while others go on for years and nothing ever happens.

With considerable effort, I finally got through law school and graduated, but without any honors. Immediately thereafter, I was appointed Assistant United States Attorney for the Eastern District of Missouri in St. Louis, a position of major importance. At the time I received that position, I was 21 years old, the youngest man in the country, perhaps, ever to hold that position. More felicitations, more good wishes poured in; more articles and pictures appeared in the newspapers. All of this began to feed my ego to the point that I almost exploded with my own importance. It even got so bad that I would paste my own picture on my mirror so I could look at it in the morning when I arose and be inspired for the day. I mention this because there is a definite relationship between alcoholism and egotism, and, conversely, there is a direct relationship between humility and sobriety.

Drinking Went From Bad to Worse

So, during my term in the United States Attorney's office, which occurred during the prohibition era, my drinking went from bad to worse. Of course, during prohibition days, liquor was supposed to be scarce, but the United States Marshal's office was right next door to my office and I had no particular trouble in helping him destroy some of the contraband which he had taken. So I went along drinking more and more. It was not long until I was drinking from a quart to a quart and a half of whiskey every 24 hours.

I might take false pride in having a large capacity because I did not get drunk and fall down every time I drank a quart of whiskey. As a matter of fact, nature has a way of building a tolerance for alcohol in the human system, and I developed a tolerance for a terrific amount of liquor. However, it soon began to get me down. Every morning I awoke with the "shakes" so bad I could not get a cup of coffee to my lips without spilling it all over me. I even resorted to the old trick of wrapping a towel around the glass of whiskey and placing it around my neck and with the other hand hoisting the drink to my mouth. I also tried placing a drink on the edge of a table and getting down and lapping it like a dog. Anything to get that drink into me the next morning in order to relieve those terrific jitters and the nausea, the kind of nausea that is so bad you cannot even hold down a swallow of water for more than a few seconds.

I remember time after time having ordered three drinks early in the morning, each with a dash of angostura bitters, hoping that they might rest more peacefully in my stomach. I ordered three drinks because I knew the first two would not stay down but the third would. In that way, I could get a start and then could go on drinking through that day. During this time, I ate practically nothing, debilitating my system to the point that after a period of time I would break down completely and have to go to a hospital where I would remain for several weeks until I could be restored physically and nervously.

Then I would stay on the so-called "wagon" for a short time. Soon I would see my friends drinking, and I would say to myself, "Oh, it is a shame I can't drink like Bill. Why, sure, I *can* drink like Bill. I will just take one or two little drinks like Bill does and everything

will be all right." Then I was off on another "spree" for a period of two or three weeks.

Once I flew to Oklahoma City for a 24-hour business trip and came back just one week later, not remembering where I had been or too much about what I had done. Later, I found two canceled checks for \$1,000, each of which came through my bank account. To this day, I do not remember writing them. I certainly did not have that much money in the bank and I had to scratch around and take advantage of various credit agencies in order to try to meet the overdraft. It is terrible, I mean *terrible*. It is just plain hell!

I went from bad to worse. Between 1928 and 1941, I was hospitalized for alcoholism 42 separate times. Give a little thought to that for one minute. No person with an ounce of intelligence will deliberately put himself flat on his back time after time. The reason this happens to an alcoholic, as it happened to me, is because this insidious desire, this craving for alcohol, is so devastating that it overcomes our powers of reason, common sense and judgment. It makes it impossible for us to do anything other than to take the very thing which, to us, is *poison*.

I am trying to demonstrate the terrific compulsion which an alcoholic has to fight in trying to overcome this insidious disease. Normal drinkers never have a situation of that kind to contend with. True, they may want a drink at a specific time; true, they may want a few drinks at the end of a tiring day. But they do not have that terrific compulsion which causes you to do the thing that you know is going to put you flat on your back time after time. I wanted to stop drinking, more than anything in this great world. I sought psychiatric assistance. Unfortunately, psychiatry is of little help in solving the problem of alcoholism, although this science does wonderful work in other fields.

Finally, I agreed that I would go to a sanitarium in New York State where I would have to commit myself, under the laws of that state, for a minimum period of one year. I was so anxious to stop drinking that I would just as willingly have agreed to commit myself for five years if that were thought necessary. I wanted to get over it that much.

Did Not Go to a Sanitarium

But fortunately, I did not have to go to that sanitarium. My father, who is a physician, and has been practicing medicine for more than 54 years, came to St. Louis one day to buy a surgical instrument, and met a young doctor from Barnes Hospital. Because my problem was always on my father's mind, he explained my case to this young doctor. My dad remembered the night I tried to break his arm across my knee, that horrible experience of which, thank God, I have no recollection to this moment. My dad told this doctor about my condition and that I was going to a sanitarium, and solicited the reaction of his new-found medical friend.

The young doctor said, "I will write you in a few days, Doctor, and let me know if, in our opinion, that is the thing to do." Soon, my father received a letter from the doctor in which he said, "I would not send my son to a sanitarium, because only 4 per cent of the alcoholics who go ever recover. The other 96 per cent go either to their graves or to permanent confinement in mental institutions." Not a bright picture for me, and certainly not a pretty picture for my father, but the doctor continued, "There is an organization called Alcoholics Anonymous which has been having remarkable success in aiding in the recovery of alcoholics, for in that organization approximately 84 per cent recover, while less than 16 per cent do not."

(Turn to "Order Out of Chaos," page 30.)



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A Look at the Economic Future

Joseph M. Klamon

Professor of Economics, School of Business and Public Administration
Washington University, St. Louis, Mo.

(An address before the 33rd Annual Business Conference, N.R.C.A., St. Louis, Mo., June 16-19, 1947.)

ANY ATTEMPT to evaluate the economic future may be rendered of little value by events in the relations between Russia and our country. A short time ago, Russia took sharp exception when Dean Acheson of our State Department, in testifying before a Senate Committee, described the Russian foreign policy as "aggressive and expansionist." Russia protested this characterization to Secretary of State Marshall. General Marshall, a realist and a great man, promptly gave his full support to Dean Acheson. In view of recent developments in Hungary and other satellite countries, it appears that our State Department could also have described the Russian foreign policy as coercive and provocative.

The ratio of population to resources, the man-land ratio, was adverse to Germany, Japan, and Italy. It is not surprising that, with population uncontrolled, these countries pursued a foreign policy dictated by a desire for raw materials and markets. This desire and the intention to maintain the economic advantage which they have been able to secure were important, perhaps dominant, factors in the foreign policy of the countries that opposed Germany, Japan, and Italy. Russia's situation is different. Russia is a continental power with more than one-sixth of the earth's habitable surface within her borders. She is under no compelling need to export or die. The man-land ratio is not adverse to her. Nevertheless, she is pursuing a policy of expansion which may lead to war with this country and Britain, unless she abandons her present attempt to dominate the continent.

President Truman made distinguished use of the appointive power when he chose General Marshall as Secretary of State. Henry Wallace would have us meet the Russian policy of aggression and expansion with an attempt to appease her by a loan of many billions. No policy would seem less likely to succeed. Woodrow Wilson greatly weakened his bargaining position with the Allied Powers in the first World War by not insisting upon an agreement about the post-war world and making it a condition to the aid we gave our allies. In World War II, we likewise weakened our bargaining position by not insisting upon clear commitments from Russia relative to the post-war world as a condition of our lease-lend aid, which was certainly no small factor in the ultimate success of the Russian army.

However mistaken Mr. Wallace may be in suggesting a policy of appeasement toward Russia, those who attempted recently to suppress his right to speak in Los

Angeles and Washington appear not to have the remotest conception of what the American Constitution guarantees to every citizen, regardless of whether the views expressed agree with our own. However, assuming that we may reasonably expect two or three more years of peace, the immediate future possibly will be in the following economic pattern.

For the past several years, we have had sellers' markets almost everywhere. Many businesses have enjoyed record earnings, of course. The premium for greater efficiency was simply greater earnings and the index of bankruptcies and receiverships reached an all-time low. As we develop buyers' markets and production catches up with (and in many cases outstrips) demand, the premium for efficiency will be lower earnings but survival. The price for relative inefficiency, high inventories, and lack of liquidity will be business failure.

While the destruction of many European industrial centers has greatly decreased effective plant capacity abroad, we have emerged from the war with a far greater plant capacity and industrial production potential than ever before. With the drastic shrinkage in normal world trade, there is little likelihood that our industrial production capacity can be utilized effectively unless and until there is a sharp readjustment in the domestic price structure. It is obvious that many industries besides the building industry have priced themselves out of the market. At current price levels, there just is not enough effective demand, desire coupled with purchasing power, to clear markets of the whole variety of consumer goods. The huge inventories that have reached record levels are not *unusable* surpluses. They are simply unsalable at present high prices.

As an indication of what has happened recently, the following shows a trend which may become even more pronounced within the next six months. Industrial production declined slightly in April, according to the Federal Reserve Board. Output of both durable and nondurable manufactures and of minerals was below the March, 1947, rate. Non-agricultural employment decreased by about 450,000 workers in April, according to the Bureau of Labor Statistics. While this decline was due chiefly to work stoppages in telephone, coal, and electrical machine industries, employment in industries manufacturing non-durable goods, textiles and apparel also declined. The value of construction contracts showed little change from March to April, but was about one-fifth smaller than in April, 1946. It is interesting to note that private residential and non-residential construction contract awards declined, although awards usually show a seasonal increase in April. Publicly financed construction ex-

panded further, reflecting chiefly a large increase in the volume of contracts for streets and highways.

Our exports of goods and services during 1947 are estimated officially at 16 billion dollars, which is an all-time peacetime high. This compares with annual exports of only about 4 billion dollars per year before the war. Against this figure of 16 billion dollars, it is estimated that we will import about 8 billion dollars of goods and services. Obviously, this export surplus of 8 billion dollars a year is inflationary. However, this expenditure probably will continue regardless of possible changes in national administration. It is not likely that a new administration in Washington will stand up to Russia and oppose her present policies any less than the present administration. We are suffering from obvious and serious inflation in a great many fields.

A drastic change in certain governmental policies will be necessary to put an end to inflationary tendencies. For example, it would seem that the government, at the earliest possible moment, should put an end to the entire subsidy system which artificially supports prices of major farm products. This system was introduced in 1933 as an emergency measure under Secretary of Agriculture Wallace. If we do not abandon the governmental policy of artificially supporting prices of farm products now when such prices are extremely high, when, if ever, may we expect the government to do so? It seems to make little sense for the government to take steps to prevent inflation in the value of farm lands when the most important single inflationary factor is the government itself.

Many who are the direct beneficiaries of the government's policy of artificially supporting prices of farm products have no faith whatever in the long-run effects of such a policy. Nothing has stimulated the introduction of machinery and other labor-saving devices so greatly as the relatively higher cost of skilled labor. Nothing, for example, will add greater stimulus to the use of rayon and nylon than the higher price of cotton goods. In the long run, cotton appears to be pricing itself out of a market in which it needed all the help it could get to retain its present position.

If we are to avoid serious unemployment, inventory losses, and a fairly prolonged readjustment or recession, individual output of both men and machines must be increased. Greater efficiency and productivity, lower unit cost, and, as a consequence, lower prices all along the line, are necessary. It is the only way we can possibly maintain a fairly high level of consumption and employment.

End of Sellers' Market

It is apparent that the end of sellers' markets, which we have had for the past few years, is approaching in many fields. Goods, of course, will not be in ample supply in all fields at the same time. In certain lines of merchandise, however, buyers' markets are already beginning to appear. This is best evidenced by current advertisements of substantial markdowns, not merely in an effort to reduce a vulnerable inventory, but as a regular price policy on new merchandise.

The year ahead should witness a serious reversal in the inflationary trend. This restricted tendency may accelerate any downward move. Already, there has occurred a rather marked change in consumer spending. Expenditures for durable goods have increased greatly,

savings have declined, and the volume of business in soft goods has also declined greatly. Commodity prices have been rising, not only because of export of foodstuffs to Europe and elsewhere, but also because of increased consumption and the generally prevalent feeling that the Government will not abandon support of commodity prices with a national election coming next year. It is difficult to see how these extremely high prices can continue much longer if we have any period of world peace.

An appraisal of the economic future cannot ignore taxation. It seems quite probable that the President will veto the tax bill and that his veto will be sustained. The suggestion of Senator Vandenberg that we take inventory of our own resources before committing ourselves to a huge program of spending billions to stop Russia, coupled with Bernard Baruch's suggestion that we examine the Federal debt and the national credit carefully before we think of tax reduction, appears pertinent and appropriate. Politically, tax reduction is always popular. The present level of public debt, plus the present juncture of foreign affairs, would seem to rule out any important tax cuts.

Rising Index of Bankruptcies

Within the next year or two, the marginal and sub-marginal manufacturer, wholesaler and retailer may show up in the rising index of bankruptcies and receiverships. Of course, certain industries and individual situations within particular industries will prove to be exceptions. However, it appears to be a serious error to mistake currently high and inflated levels as being likely to continue for long. The firms that will survive on all levels of business will be those that have drastically reduced high inventories, remained as liquid as possible, reduced or eliminated fixed charges that could prove a serious threat with declining earnings, and have made adequate provisions through reserves for possible inventory losses and bad debts.

The coming period of readjustment and recession is not only unavoidable but apparently necessary in order to bring prices down all along the line. Such necessary price reductions, which will enable consumers to clear markets on the retail level, cannot come by an appeal to retailers alote to be reasonable in their markups. Price reductions will be necessary all the way back. The only way that labor can avoid price reductions or wage cuts is by increased productivity and lower unit cost.

That type of production, wholesaling and retail distribution will ultimately survive which performs its essential function most efficiently, wins the widest acceptance, and, therefore, deserves to survive. This, of course, does not rule out different varieties of business establishments that meet different needs, full service, limited service, or some combination of the two. It does indicate that the American economy is in a healthy condition only when it retains a high degree of flexibility relative to price and the greatest degree of receptivity to new and improved techniques on all levels of economic activity. The American economy must never lessen its relentless search for greater efficiency and productivity. It must pass on to consumers, in the form of lower prices, the greater part of such lower unit costs as it may achieve. Only in this fashion will we be able to utilize our agricultural and industrial machinery to the fullest extent, thus achieving

(Turn to "Economic Future," page 11.)



Ten Years of Progress

Agnes J. Moyer

*Credit Manager, Berks Products Corp., Reading, Pa.
President, Credit Women's Breakfast Clubs of North America*

(An address before the 33rd Annual Business Conference, N.R.C.A., St. Louis, Mo., June 16-19, 1947.)

THE FIRST STEP in making progress is to know definitely what you want, and the next is to do something about it. That is just what those farsighted women did about the Credit Women's Breakfast Clubs of North America back in 1937. The result is our organization of today.

It is customary to review in retrospect, in order to evaluate the worthwhile accomplishments of our organization. This guides us in the future. We made some mistakes during the past ten years and we have made much progress. Through that retrospective vision, we can know our weak spots and what to do in the future. This is the same procedure we use in our business. We determine our budget and our sales volume, then build up our advertising copy on the basis of what has happened previously. However, you cannot live on what has happened. You only use that as a tool to guide you in the future.

During the first few years of our organization, there were many struggles and hardships. This is true of any organization, and especially an international one where most of the business must be transacted by mail and long journeys made for meetings. Then, when our organization had begun to run smoothly, the war-torn years were upon us. They hindered our growth to a certain extent, but did not dim our enthusiasm. Our officers during these years of struggle and war, as well as all the members of the Credit Women's Breakfast Clubs, worked diligently. They functioned in every capacity with the exception of a few District and National conferences which had to be canceled due to war restrictions.

In spite of this transitory period, we have made progress. Each year has brought a steady growth of clubs and an increase in membership. This was real progress in a credit organization during a period when credit was controlled and the demand for credit was subnormal. We have lived a rapid ten years, and our actual years for development were only a fraction of that time. Therefore, my title "Ten Years of Progress" is not about the ten years past, but rather the next ten years.

As each new club is organized, let us not think of it as just another club, but, rather, as another group of women with the privileges that the Credit Women's Breakfast Clubs offer—the association of women interested in the credit profession, the opportunity to acquire further knowledge of credit through our educational courses, the chance to create the desire in younger women to take their jobs in Credit Departments more seriously, and, consequently, do better, more efficient work.

To know that groups of credit women are meeting each month in hundreds of cities throughout the United States and Canada in order to promote mutual understanding, cultivate friendly relationships, and foster the solidarity of women who are actively engaged in the credit profession—to know that it is their desire to maintain a harmonious relationship between Credit Departments of the various firms represented and the local Credit Bureau, that they strive to foster the aims and ideals of the National Retail Credit Association, and, at all times, stimulate education in the practice and procedure of credits—these objectives speak for themselves, as do the ever increasing number of women attending these annual meetings.

It is not too many years since women invaded the business world. Yet, for time eternal, they have had a part in it. However, it is within the last 30 years that they have created a place for women in all fields. They have been successful, too, in the professions, science, education, religion, politics, and business.

Women are ready to stand beside men as active participants in the affairs of the world. To include women, and, especially, young women, in management requires a flexibility which can only spring from free minds. Our organization can help to prepare these young women so that, in time, they can serve in managerial capacities. But the women must be worthy of this distinction. This desire to take our places by the side of men in business, the professions and politics does not mean that we are to be poor imitators of men. Rather, we should strive to build a representative group of women with character, intelligence, dignity and ambition. We must forget pettiness, selfishness and greed, and, above all, guard against a domineering nature, for there is nothing so repulsive as working with a domineering woman.

It has been my privilege, during the past 13 months, to visit with many Credit Women's Breakfast Clubs. I had the opportunity of visiting many of these women in their stores and offices, meeting their employers and learning just what constitutes their working day. It is needless for me to try to impress men with the ability of women in the credit field. I know that the larger majority are convinced that women are especially adapted to credit work and that women can assume responsibilities.

In visualizing our next ten years of progress, let us bring into the picture the National Retail Credit Association and the Associated Credit Bureaus of America. They have been such a tremendous help to the Credit Women's Breakfast Clubs that it will always be our desire to look to them for guidance, to call on them for help, and to offer our wholehearted cooperation in every way.

The National Retail Credit Association represents the retail merchants of America. We Breakfast Clubbers, as employees of those merchants, are deeply interested in their progress, for we must progress together. We appreciate the honor they have bestowed upon us by voting our immediate past president and presiding president to their Board of Directors. The advice given so graciously by Mr. Crowder, the cooperation of Mr. Hert and the kind expressions from Mr. Bunker have helped make my year as international president much more enjoyable. But what is more important is the cooperative spirit exemplified by the broadminded, liberal men who have made it possible for the Credit Women's Breakfast Clubs to be a component part of the National Retail Credit Association.

The Associated Credit Bureaus of America represent the Bureaus throughout America, and we Breakfast Clubbers are interested in the Credit Bureau, for our daily business lives are definitely centered around it. Our dealings are varied and are not only with credit, but collections also. You can see what a close relationship should exist between women in credit offices and women in Credit Bureaus, as well as the Bureau Manager.

Mr. Wallace has been most helpful to us in many ways, and we are truly grateful to him and his splendid organization for the deep interest and cooperation given us in contacting Bureau Managers and organizing clubs. I was happy indeed when Mr. Henning, President of the Associated Credit Bureaus of America, stated so emphatically his wholehearted approval of our Breakfast Clubs, at a meeting of Dixie Council in New Orleans.

There are some 1,300 Credit Bureaus throughout the United States and Canada. At present, the Credit Women's Breakfast Clubs of North America boast of 198 Clubs. Any city, town or village that is large enough to support a Credit Bureau surely will have ten women working in the Credit Departments of retail merchants, which is the nucleus of a Breakfast Club. Therefore, you will see what progress we can anticipate.

Possibilities of Membership

At a rough estimate, there should be an average of 25 to 30 retail merchants in every town, village or city that supports a Credit Bureau. I believe the Retail Credit Association will agree with me that every retail merchant who extends credit to the public should be a member of their organization. If we multiply 30 by the approximate number of Bureaus throughout North America, we arrive at a colossal figure! Then, too, how many merchants who belong to the National Retail Credit Association do not use the Bureau. There is a remedy for that—better understanding by all the people interested in this vital subject of credit. This can be gained by educating credit office and Bureau personnel, and the public, in the ever increasing importance of credit. We must make them understand its relation to the economic structure of our country, not only today, but continuously.

You may say, "She is certainly building castles in the air! That is one nice big pipe dream!" Yes, credit men and women—it may be a dream. It may be a castle in the air, 'way up on a nice pink cloud. But I believe that, if all of us get busy in our own town, village or city and help build a good sound foundation under that castle in the air, it will become (and perhaps in the not-too-distant future) a down-to-earth actuality. ★★

"Economic Future"

(Beginning on page 8.)

fuller employment and a continually rising living standard.

Our American free enterprise system has met the empirical, pragmatic test of experience up to now better than any other system in the world. We need fear no comparison with any other economic system so long as we continue to enjoy the highest per capita consumption of goods and services and, relatively, the greatest degree of stability and security. After all, American industrial production played no small part in the recent World War, and lease-lend flowed freely to our allies in the common endeavor. Lease-lend did not flow from others to America.

After the period of readjustment, when our price structure and economy are in better balance, I see no reason why we may not expect as high or even a higher living standard than we enjoy now, which has no equal anywhere. Everything essential to a high level of production, distribution and consumption is at hand. It would seem, however, that we have done a better job in learning how to produce and process the things necessary to sustain life than in how to distribute those things. *If, in the near future, we can do nearly as well in distribution and consumption as we have in production, there is every reason for the highest optimism for our economic future over the longer period.* ★★

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What Role For Consumer Credit Financing?

W. H. Baldwin

Vice President, General Motors Acceptance Corp., New York, N. Y.

(An address before a recent meeting of the Credit Bureau of Greater New York)

THE SUBJECT implies that there is some question about consumer credit's role. There is. We in consumer credit may have no question about the constructiveness of its role in the nation's economy, but there seems to be considerable doubt about it in some outside circles. Some important people believe one role of consumer credit in the past has been to accentuate or prolong depressions. They evidently fear it may have this same villains' role in the future. Do you agree with that or have you given much thought to it? My idea is to place this situation before you and to suggest not merely thinking but doing something about it.

This is a fair question: Has excessive consumer credit been responsible for accentuating or prolonging depressions? As far as our particular business goes, we have our own thoughts, but this is a question for each to resolve in his own consumer credit field. Just for the sake of argument, however, let us assume that consumer credit has had some part in accentuating or prolonging depressions. Certainly, if consumer credit has been excessive, it must have had some adverse effects on the economy. It could hardly differ in that respect from any other form of economic excess.

What makes for so-called consumer credit excesses? Proper credit is closely tied in with constructive manufacturing and merchandising factors. However, consumer credit is only a means to an end, one agency in the field of mass distribution that has helped make possible mass production and all its benefits. (Actually, consumer credit just facilitates the movement of goods from distributor or retailer to the consumer. Therefore, it follows the goods, instead of preceding them.) Over-extension usually occurs when other merchandising measures fail and the market will no longer fully absorb production at going prices. Under such conditions, credit is relaxed and is put under pressure to keep the goods moving. The greater the pressure, the further the over-extension of credit goes. Therefore, are not unbalanced production, inventory, or pricing conditions the basic reasons for excessive consumer credit, if and when it may occur?

Next, let us look at some human factors or elements that may contribute to excessive consumer credit. Here are six:

1. *Overstimulated buying by the public.* The public's purchasing habits or desires cannot be controlled, but can and should be guided along conservative lines by banker, business and Government resistance to weak credit terms. The public would respond if continually impressed with

the value of a good credit reputation and the necessity of buying within one's ability to pay. The public needs economic education, and because it suffers most from depressions, it should be educated to realize the evil results of economic immoderation.

2. *Advertising*, the kind that stresses easy installment or other credits and that overexcites people to buy, with or without credit. Advertising should be directed at sound credit rather than at encouraging people to buy more than they can pay for.

3. *Manufacturers, distributors and retailers*, who go to production and marketing extremes, regardless of the common good and of the ability of the country or any particular section to absorb projected production and sales on a sound basis.

4. *Banks*, that really hold the nation's very purse strings in their own hands, yet may do nothing about their borrowers or clients who muddy production, merchandising and credit waters in an uneconomic manner. Now that 12,000 of the total 15,000 banks are reported to be entering consumer credit financing direct, their judgment and influence should be felt immediately at any indication of future unwholesome tendencies in this field.

5. *Consumer credit agencies*, that deliberately go in for the weakest of credits through charging excessively high rates and setting up heavier reserves with this money to meet larger losses expected. The sources from which such agencies borrow should be the first to demand correction of bad credit practices.

6. *The Government*, when it sponsors the kind of merchandising, spending, taxes and credits that lead to economic trouble.

Guide and Restrain the Six Elements

To properly inform, guide and restrain these six elements as the ones primarily responsible for credit excesses is one step toward the prevention of "booms" and "busts." What can consumer credit do about that? Consumer credit is just a little frog in the big economic pool, for the country had depressions long before consumer credit was known. However, to the extent that consumer credit is a factor or may prove helpful, it should do what it can to level the economic hills and valleys, about which everyone yells so much afterward but does so little in advance to prevent.

Maybe depressions can never be entirely overcome, but we can certainly try to overcome them. Even if their effects were lightened somewhat, it would be some contribution. There is certainly no mystery about past booms and busts. Too much activity in one period meant too little for the next. All we really need, then, is a more even spread of activity over long periods of time. What prevents this? Is it economic nearsightedness that

keeps us from recognizing unusual peaks of activity as they arise or is it because, like the mule in the story, we see them and do not care what happens? Are we not on some economic peaks right now?

Two things stand out in this matter of avoiding booms and busts:

1. No concentrated, convincing, yet simple records are available for anyone's guidance and action. It is as if we are all flying without instruments, in the dark and without regard for one another.

2. In booms and busts, nobody ever seems to feel any responsibility for whatever happens. It is always the other fellow that caused the economic mess and we always have the answer afterward, never before. But here, let me emphasize this point: Whatever materializes in the approaching well-advertised recession or depression, no one can pin it on consumer credit, certainly not on durable goods financing.

Two simple factors, then, ignorance and irresponsibility, seem to be the things that lead us blindly time after time up the economic hills and down the valleys. My thought is to do something about this ignorance and irresponsibility. To eliminate economic ignorance and do something constructive about booms and busts, I suggest that some economists or other informed group be made responsible for compiling, in readily understandable form, all the truly relevant factors that have a bearing on economic stability and would serve as guides, even to laymen. Compilation of this material should be continuous and should be made freely available to every important segment in our economy, whether through its representative organization or direct, i.e., to manufacturers, wholesalers, retailers, bankers, consumer credit institutions, farmers, colleges, labor unions, the Government and, last but not least, the consumers themselves.

As for making everyone feel his future responsibility for excesses, education and publicity along these lines should be widespread, with constructive emphasis on the economic, political and, especially, the possible social consequences, if danger signals are disregarded. Let us not only make all aware of what is going on but, also, let each be brought to realize and accept his responsibilities.

If consumer credit has been accused of being a villain in these depressions, it is probably our own fault. Being accused, however, does not make for guilt, which is furthest from the fact. Consumer credit, itself, is not on trial. What is on trial are the factors that contribute to its abuse or misuse. When properly used in the distribution scheme of things, consumer credit has proved itself most helpful, not only to the individual but also to the economy. Its history, accomplishments and constructive contribution to the world of business, finance and humanity are too well known and accepted to require repetition or defense. However, all of us know when credits are getting thin. The trouble has been that when consumer credits started running thin in the past, other elements in the economy considered them our exclusive problem.

From all this, I suggest two roles ahead for consumer credit financing, one minor and one major:

1. We should all be definitely allergic to any statement that consumer credit has been or will be responsible for accentuating or prolonging depressions, and should ask for conclusive proof of such statements, if and when

made. (Of course, we should all be certain to keep our credit skirts clean, so that there can be no possible basis for such claims.) I call this role minor because consumer credit as a contribution to the economy needs no defense.

2. The major role should be that of getting behind a movement aimed at heading off any future economic setback by making certain: (a) That every major element or segment of our economy is made fully aware of the significance of all excesses in our economy; (b) all are impressed with their responsibilities and the adverse possibilities, not only to them but to everybody in such cases; and (c) that each will take positive action in the future as and when circumstances dictate and before it is too late. Each one will have to act for himself, of course, as concerted or collusive action is not permitted by the Government.

It is just good sense to do something about any economic excess before it goes too far, rather than let nature take its course, as in the past. More than this, it is most important and necessary that this be done, for future excesses may result in much unemployment, poorer standards of living and lower morale. Then their effects will extend far beyond the economic consequences into political and social reactions, and you know what system thrives most on human discontent. Certainly production, distribution, banking, consumer credit, the public, the economy, and, most important of all, our system of Government, will all be better off under conditions that just stay good, rather than run to the extremes of boom and bust. *Let us all quit pointing fingers afterward and really get busy beforehand.* ★★★

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Public Relations Aspects of Credit and Collection Procedure

Alfred Fleishman

Fleishman, Hillard & Associates, St. Louis, Mo.

(An address before the Public Utility Group, 33rd Annual Business Conference, N.R.C.A., St. Louis, Mo., June 16-19, 1947.)

NOT SO MANY months ago, it seemed to make little difference to some businesses whether a customer was satisfied, dissatisfied, happy or unhappy about his dealings with them. Of course, there were many exceptions. Those who took the long view did not let the fact that there was a temporary surplus of customers affect their basic good judgment. All too many, however, took the position that if the customer did not like the service, he could "go fly a kite"; there were too many others around the corner, anyway. These businesses are wooing customers now with all the coyness and zeal of a lovesick swain, and sometimes they are just as subtle. The credit and collection man worthy of the name always made it a practice to conserve every possible customer. Today, these customers are important people.

The problems of credit and collections have always been specialized. Not only have we had to determine who should be allowed the conveniences of credit payments, but also we have had the problem of trying to hold the customer who abused the privilege. Like the Biblical admonition, we "desireth not the death of the sinner but that he turneth from his evil ways." We desire not the loss of the customer who did not pay his bills but that he turn from his evil ways and still be our friend and customer. This philosophy has long been the guidepost of many credit and collection men.

By the very nature of their work, those who are engaged in the credit and collection phases of modern-day business have accepted a great challenge in the field of human relations and human understanding. The problems created by the customer who asks us to take risks on his character so that his daily living chores may be a little more convenient are part of the challenge. The customer who cannot or will not pay what he owes is another part.

There are many fundamentals of public relations which must be applied in good credit and collection procedures. One of these fundamentals that we should always remember is that we are dealing with individuals and not with account numbers or markings in a book. These individuals have feelings and emotions which we must try consistently to understand. We must always guard against letting systems and forms become so complicated, so thoroughly mechanized that we ignore these simple but basic tenets of our profession.

In the public utility field, we have many particular problems. In this business, an aggrieved customer seems never to forget the grudges he has against us. The passage of years accentuates his grudge against the utility. It does not appear so with other businesses. Let us examine this phenomenon. Why is it that our opinion-polling or customer-research men always find people who tell them they are glad someone from the electric

company finally came around? They had been waiting for ten or 15 years to "sound off" about some real or imagined ill-treatment received from the company. What is the difference between this customer's feelings toward a utility and toward the corner grocer?

The customer who has had a bad experience with the corner grocer or local department store does not bear a grudge so long, or at least so intensely. He seems to have some other recourse which releases his emotions. He can go down the next block to another grocer or take his business to another department store and have the satisfaction of knowing that his money is not going to someone who does not appreciate him or treat him fairly.

But, with the public utility, it is different. In the first place, the customer usually looks upon the company as a big, cold-blooded, monopolistic corporation. He could complain to some higher-up, of course, if he took the trouble to find one. But he seldom does. Instead, he just burns up inside—and the fact that he cannot go down the street and buy his gas or electricity from another company does not help his feelings. So he shells out his dollars each month to a company which, he feels, neither deserves nor appreciates them. A little inquiry often reveals that what the customer has been "stewing about" for all these years is probably an alleged act of discourtesy from a meter reader, or lack of satisfaction from a telephonic complaint. This situation with public utilities makes it all the more important that sound public relations and good-will procedures be indoctrinated into all of our employees.

But for the credit and collection department of a public utility, it poses an additional specific difficulty not found in many other businesses. After all, there are not many organized "anti-corner-grocer societies" or "anti-department-store societies." However, there are plenty of anti-public-utility groups and we know how vocal they can be.

All this simply adds to the challenge of the public utility credit and collection man in his customer relations. He must have a greater degree of skill than most others. He must have a greater sense of discipline and exercise more control over his own emotions. He must be a better-than-average student of practical human relations and human nature.

No credit and collection man should ever forget that he is dealing with individual persons. There must never be a grouping or neat cataloguing that will tend to make people just so many buttons or holes in a mechanical accounting machine record card. It is true there are patterns which cheats and dead beats follow. With some experience, these can be detected. But we must proceed on the general principle that most persons mean well and that the majority really want to do the right thing.

One of the best and simplest tests to follow in determining when the danger point has been reached in our

regard for the individual is the "they" principle. If, in our thinking or conversation, even casual conversation, we begin to talk about people as "they do this," or "they do that," watch out! For us, there must be no such thing as "they" anybody. We deal with Mrs. Jones or Mr. Murgatroyd, and not some group of "theys." Let us check ourselves every time, and when it becomes "our customers, they" let us be careful. Following this principle will serve as a constant reminder that we are dealing with individuals. Talk about them as individuals. When this becomes second nature with us, we have more than a speaking acquaintance with one of the most important principles in the art of human relations.

The more complicated and streamlined the credit and collection systems and procedures we set up, the greater the danger of forgetting the individual. One of the great liabilities of our era is the inclination toward over-mechanization of everything we do. We must not stand in the way of new, progressive methods; but, the larger the company, the greater the effort must be to find and retain methods of treating the customers as the individuals they are. There is constant need for study of each customer, his problems, his record. The social work case study method is one we might well follow.

A little detailed study of the customer, with as much information as possible about him at our finger tips, will often work wonders. In the first place, when we know him better and understand his troubles, we can often be more helpful to him. Few people really like to be dead beats or cheats. It takes the most skillful kind of public relations to prevent as many persons as possible from thinking that we consider them in that category. Of course, there are times when we need firm action. Certainly it should be applied, but it serves no good purpose to yield to the temptation of "telling the customer off." Credit and collection men often come into close contact with individuals who try their patience and insult their intelligence. None of us like it, but here, again, the highest degree of dignity and discipline is needed.

The person engaged in credit and collection work would do well to have an inherent and basic liking for people. In addition to being a judge of people, he should be able to give a fair and sympathetic ear to each customer. It is more than helpful if he understands people and their motivations—why they act as they do, say the things they do. Leaving the customer with a good taste in his mouth is not an easily acquired technique, but it is most desirable. All this is more difficult to do than it sounds, but those who do not have an inclination for these problems would be better advised to take a different kind of job.

There are reasons why people behave as they do. Let us explore a few of them—attitudes, for example. The attitude with which one person approaches another often directly influences the other's reaction.

For example, if a customer is approached with hostility in manner or in tone of voice, he is almost certain to return the attitude in kind. I do not mean to say that we are dealing with an exact science in this business of human relations. But there are certain fundamentals or principles which, if properly applied, can often foretell what reaction we will get in return for certain projected attitudes. We know pretty well that behavior

does not just happen. A particular behavior comes about usually as a result of the kind of person we are dealing with and the condition he is in. If we find a customer who gives us particular and consistent trouble, it often helps us to find out what kind of person he is and what the conditions are that cause him to behave as he does. When these two factors are examined, we have information which gives us a clue to an intelligent and effective approach.

In the public-utility business, the persons with whom we deal are apt to be more sensitive to our approach than in almost any other. Among the other reasons already discussed, it must be remembered that we are a quasi-public agency supplying vital services. We need public permission to operate and, therefore, it behooves us to have public approval for the way we operate.

Every representative of the utility who makes a friend out of a customer through dealing intelligently with him makes a lasting friend for the company. Often, the credit and collection man may be the only representative of the company the customer ever sees. In that case, his actions are even more important. It goes without saying that every company contact should be handled with dignity, courtesy, and the best judgment possible.

Credit and collection men need to know as much as possible about people and how they act. They should seek always to add to their knowledge about human nature and human relations. They must learn as much as possible from each new experience with people. They should have an instinctive liking for dealing with them. They must have a sense of balance and dignity in their approach. They should be trained in the fundamentals of good public and human relations. They should always remember that *how* they do is as important as *what* they do. The friends they make out of those persons who have had difficult experiences with the company are likely to be better persons and better friends.

Finally, it is essential that credit and collection personnel be regarded by top management as the important, professional people that they are. ★★★

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Journeyings of the General Manager * * * L. S. Crowder

COMPLYING WITH the request of President Hugh L. Reagan, I left St. Louis by plane on Tuesday morning, July 29, and arrived in Nashville at noon.

Was met at the airport by Harvey King, National Membership Chairman, and R. E. (Atomic) Buckingham, Tennessee Membership Chairman.

Attended the Rotary Club luncheon with Mr. King, after which Messrs. Reagan, King, Buckingham and I drove to Cookeville, Tennessee, a delightful college town of 7,500, located in the Cumberland Mountains, eighty miles from Nashville. It was the ambition of Mr. Reagan to have Cookeville, his birthplace, organize the first National unit following his election.

The capable Bureau Secretary, Mrs. Gradye C. McDowell, arranged for the meeting for Tuesday evening at 7:00 o'clock, which was attended by every member of the Credit Bureau, with the exception of the President and the Vice-President, who were out of the city. They had hoped to return in time for the meeting, but were delayed. A number of nonmembers attended the dinner and several were expected to subscribe for bureau service.

It was voted unanimously to make the twenty-six members of the Credit Bureau National members. On our recommendation it was decided not to organize a separate association, but to operate as an affiliated unit, in the name of the Putnam County Credit Bureau. It is anticipated that the membership will eventually reach fifty to seventy-five, as the services of the Credit Bureau are to be extended to credit granters in nearby towns.

Had the pleasure of meeting Hugh's father and sister, residents of Cookeville, and a brother, who resides in Nashville, all of whom attended the meeting.

Discussed a number of National Association matters with President Reagan and found that he had written all committee chairmen and members of the committees, in addition to

which excellent progress had been made in planning National membership work. Messrs. Reagan, King and Buckingham are determined that every credit bureau in Tennessee will have a credit group, affiliated with the National, before the close of our fiscal year, May 31, 1948.

On Wednesday evening, Mr. and Mrs. King and I were guests of Mr. and Mrs. Reagan for dinner at a restaurant just outside of Nashville. Following the dinner we enjoyed a friendly poker game at Hugh's home, which was participated in by Messrs. Reagan, Joe Howell, President and John Bowers, Vice President, of the Nashville Association, Harvey King, Guill Carver and Rhue Roberts. Rhue withdrew after playing several hands, as he proved to be in my class as a poker player. President Howell finished the evening winner to the extent of about \$5.00, and Harvey King won about \$1.00. I believe these were the only two winners.

There was a luncheon Thursday noon, at the Noel Hotel, which was attended by several Past Presidents of the Nashville Association, and several key members, as follows: John M. Bowers, R. E. Buckingham, Guill Carver, Robert Fehr, Joseph T. Howell, Jr., Harvey King, J. E. Pickler, Hugh Reagan, Rhue Roberts, W. E. Smith, James E. Wells, Jr., and myself.

Visit to R. P. Cain's Farm

That afternoon Hugh and I accompanied Robert P. Cain, Secretary-Treasurer of the Cain-Sloan Company, to his farm, about twenty-five miles from Nashville. Had the pleasure of visiting the smokehouse on the farm and Messrs. Cain and Reagan selected a delicious Tennessee hickory-smoked ham, which I received shortly after my return from the trip.

Made only a few calls, due to the lack of time and the hot weather.

The flight from Nashville to Louisville, on Thursday evening, was rather exciting. A short distance out of Nashville we ran into a severe storm—rain, lightning and hail—in which we had difficulty getting around. Shortly after leaving Nashville we were instructed to fasten our belts, which was fortunate, because about twenty minutes out of Louisville the plane took quite a drop and even the experienced air travelers were a little nervous. They seemed happy on arrival at Bowman Field, and a lady passenger gave expression to her feelings by exclaiming quite fervently, "Thank God!"

While in Louisville I discussed with Harold J. Crouch, General Conference Chairman, who is Credit Manager of Kaufman-Straus Company, business pertaining to the joint conference of Districts 5 and 13, to be held in Louisville, February 15-16-17-18. Plans are now under way to publicize the conference and the program starting in the early fall.

While in the Credit Office I inquired about George H. Waterman, and learned that he retired last June, after fifty-seven years with Kaufman-Straus Company.

Carson L. Bard, Past President of the Associated Credit Bureaus of America and Manager of the Credit Bureau of Louisville, is to serve as Membership Chairman for Kentucky, as well as for Louisville. He predicted a very fine membership showing from the Blue Grass State, the birthplace of Past President Charles M. Reed of Denver, Honorary Life Member Fred T. Leonard of Denver, a charter member and first Treasurer of the National Association, and myself. ★★★



AN UNUSUAL STICKER

THIS MOST UNUSUAL STICKER has been designed for use by members on all printed forms in connection with credit and collections. In addition, they should be used on letterheads of the credit department and on statements on which a previous month's balance has been brought forward.

THIS STICKER carries the prestige of the National Retail Credit Association and the slogan "Guard Your Credit As a Sacred Trust," is an excellent educational message. Order a supply today.

SHOWN ABOVE actual size, they are printed in the National's colors, bronze blue on gold gummed paper.

Price, \$2.50 per thousand

NATIONAL RETAIL CREDIT ASSOCIATION
Shell Building St. Louis 3, Mo.

NO. 1 - COLOR GREEN - 24 LB. SAFETY CHECK PAPER

HAVE YOU FORGOTTEN?
Just a FRIENDLY reminder that the above named CREDITOR has a valid claim against you for _____ Amounting to \$ _____

Since you may have overlooked, or forgotten this item, the enclosed piece of STRING tied around your FINGER will help you to REMEMBER, and for your convenience we have attached a BLANK CHECK below.

USE THEM BOTH,
WON'T YOU?
THANKS—

*Good Will Collector System, Inc.
P.O. Box 100, Wichita Falls, Tex.*

No. _____
\$ _____
DOLLARS

Pay to the order of _____
\$ _____
DOLLARS

NO. 2 - COLOR YELLOW - 24 LB. SAFETY CHECK PAPER

PAST DUE NOTICE

Previous FRIENDLY past due notices sent you have brought no response, which greatly surprises us. We do not wish to misunderstand you. —If, for any reason you are unable to pay the amount in full, a partial payment will show your good intentions. May we hear from you? Use the BLANK CHECK below.

WON'T YOU?
THANKS

No. _____
\$ _____
DOLLARS

SIZE OF NOTICES - 6½" x 8½"

Demand Notice No. 3

Printed on 20 Pound White Bond Paper

These New Copyrighted Forms Pass Postal Regulations — Mailable Anywhere in U. S.

Your Collection Department's Silent Partner!

Spare Your Letters, Snare Your Debtors

With These Good Will Reminders

Here Are Some Convincing Proofs:

Sherman, Texas—Hospital: "We bought five of your books and we used about half of these with grand results. The greater number of our open accounts were with farmers, and since most of their income is received during the fall months, they kept their reminders until then and returned the check filled in with the full amount to close their account."

Joplin, Mo.—Collection Bureau: "The 'Good Will Collector System' is working out fine for us. It has brought in considerable money and the reaction is very friendly toward us as well as the creditor."

Canada—Department Store: "We have collected \$776.79 on 101 of the 'Have You Forgotten' notices—one account was outstanding four years."

Little Rock, Ark.—Paint Store: "We collected one account that was so old it had WHISKERS on it. We see no reason for hard feelings."

Amarillo, Texas—Doctor: "We have collected \$3,049.00 on accounts that have been outstanding since 1932 through 1940. Our patients do not resent this type of collection notices."

Oklahoma City, Okla.—Insurance Agency: "We have collected several hundred dollars with no offense, some accounts over two years old. This system has appeal and humor."

Fort Worth, Texas—Plumbing and Heating: "We have collected over \$500.00 already with the Good Will Collector. Some came in with the string around their finger and laughing paid their bill."

Good Will Collector is Covering the Continent. Used by Collection Bureaus, Business and Professional Men Throughout the United States, it has Crossed Into Canada

IT'S CONTAGIOUS! IT'S CONVENIENT! IT'S CONVINCING!

All Three Notices Compiled—100 in a Book at \$10.00 Three Books for Twenty-Five Dollars
SAMPLE COPIES ON REQUEST

NOTICES MAY BE ORDERED SEPARATELY—SPECIAL PRICES IN QUANTITY LOTS
Prompt Shipments—Check With Order We Ship Prepaid—Otherwise C. O. D.

THE GOODWILL COLLECTOR SYSTEM

4 ALBERT ST., TORONTO, ONT., CANADA

1700 LUCILLE ST., WICHITA FALLS, TEXAS

Please Mention The CREDIT WORLD When Writing to Advertisers

CREDIT FLASHES

S. E. Shermantine

S. E. Shermantine, 64, Oakland, Calif., a pioneer in credit reporting and President of the National Consumer Credit Reporting Corporation in 1935-36, died in Oakland July 31. "Shermie," as he was



known to his many friends, started in credit reporting in Oakland about 1918. He was the first manager of the credit bureau there and was an important factor in building the Oakland bureau to its present place of eminence. In 1930, he also became General Manager of the Retailers Credit Association of San Francisco, managing both bureaus at the same time and linking the credit life of the two communities. He continued on in San Francisco until 1944, when he was forced to retire because of ill health. He was a native of Salinas, Calif. Survivors are: His wife, Evelyn; two daughters, Mrs. Jean L. Josephian and Mrs. Barbara A. Discoe; his mother, Mrs. Mary D. Shermantine; a brother, Thane A. Shermantine; a sister, Mrs. Eula Ohlson; and three grandchildren. We extend our deepest sympathy to his relatives and his many friends and associates.

Mrs. A. B. Buckeridge

Funeral services for Mrs. A. B. Buckeridge were held August 19 at the Church of the Ascension in Rockville Center, Long Island, New York. Mrs. Buckeridge, the wife of A. B. Buckeridge, Executive Manager, Credit Bureau of Greater New York, was killed in an airplane accident at Bath, New York, en route to Port Huron, Michigan, where she was going to visit her mother who is critically ill. Her brother, Harold V. Ludlow, who was with her, another passenger and the pilot also were killed. Besides her husband, she is survived by three daughters, to whom the entire National Association extends its deepest sympathy.

Help Wanted

Office Manager wanted for Credit Bureau in progressive, growing city. Must know Credit Bureau work and be able to handle people. Base salary, \$200 a month, plus profit-sharing policy.—Credit Bureau of Albuquerque, 128 South Third Street, Albuquerque, New Mexico.

Experienced Credit Manager. Quality retail department store has opening for experienced man or woman. Ideal working arrangements. Good salary to begin plus real future in progressive organization. Write giving experience, references, salary expected, to J. E. Spainhour, The Spainhour Company, Hickory, N. C.

Wanted to Buy

Credit Bureau. Will go anywhere. Give particulars. Box 971, The CREDIT WORLD.

Annual Meeting at Edmonton

The Credit Granters' Association of Edmonton, Edmonton, Alberta, Canada, met June 17 at the Corona Hotel in Edmonton, with 49 members and guests present. The President of the Association, Frank Brennand, was chairman. He paid tribute to the late J. H. A. Perry, a Past-President of the Association, who died on June 11, and to H. L. Genser, who recently resigned as a Director of the Association when he went into business for himself at Red Deer, Alta. The Attendance Prize, donated by Kenn's Service Garage Ltd., was won by H. A. Macrae of the Bank of Commerce.

Mr. Brennand said that four representatives of the Association had attended the recent District Conference in Vancouver. He said that plans were well under way for the International Conference of the National Retail Credit Association, to be held in June, 1948, at Banff, Alta., and that a representative of the Pacific Northwest will visit Edmonton this fall to discuss plans for the conference. Stan Ross, a well-known commentator, then addressed the meeting, emphasizing the necessity for the wise use of credit in the postwar period, not only locally, but nationally and internationally.

Oakland Credit Association Opens New Offices

The Retailers Credit Association of Alameda County, California, celebrated its 30th anniversary and the formal opening of its new Credit Bureau offices with an Open House recently at the Association offices, 1803 Webster St., Oakland, Calif.

Frank McCaffrey Leaves Pittsburgh

Frank McCaffrey, Thos. McCaffrey Co., Pittsburgh, Pa., has been transferred to New Haven, Conn., to become branch manager of Associates Discount Corp. The transfer was effective August 4. Mr. McCaffrey, who is President of the Retail Credit Association of Pittsburgh, will continue in that office until his term expires October 31, 1947.

Karl M. Gibbs Honored

Karl M. Gibbs, who has been manager of the Long Beach Credit Association, Long Beach, Calif., for the past nine years, was honored recently by his fellow workers for his contribution to better credit relations. The monthly dinner meeting of the Long Beach Credit Men's Club was dedicated as Karl Gibbs night, with 70 credit men and women joining in a tribute to Mr. Gibbs. George V. H. Brown, Buffums'; Peggy Connor, Desmond's, president of the Credit Women's Club; Gordon Alexander, of the Long Beach Loan Exchange; and Constance Brown, Dobyns Footwear, spoke in praise of Mr. Gibbs. Howard Conrad, Walker's, President of the Long Beach Credit Association, called Mr. Gibbs one of the most important men in Long Beach because of his service in the credit field, and presented him with an onyx pen set as a gift from the Credit Men's Club. Alden Olmstead, president of the Credit Men's Club, was in charge of the meeting, and Joe Cooper, Famous Department Store, was program chairman.

Regulation W

The Board of Governors of the Federal Reserve System has requested us to advise our members that a joint resolution of Congress authorizing the continuation of Consumer Credit Regulation until November 1, 1947, has become law and that the President has indicated that Regulation W should be continued until that time. The terms set forth in the revision of that Regulation dated December 1, 1946, *will accordingly be in full force and effect through November 1, 1947.*

Any questions concerning the Regulation may be directed to the Consumer Credit Department of the Federal Reserve Bank in your District.

Down Payments and Terms

In a recent bulletin of the Consumer Credit Committee of the American Bankers Association to all A.B.A. member banks, the Committee suggested some down payments and maximum terms on various types of merchandise. It was intended to be used as a guide for the members in setting their own terms and down payments and maturities of installment loans. The committee emphasized that these suggested terms were based on current economic conditions and, as conditions warrant, they may revise these suggested terms. Here they are:

CLASS OF BUSINESS	MINIMUM DOWN PAYMENT	MAXIMUM TERMS MONTHS
Automobiles		
New Cars	33 1/4%	24
Used Cars—1946 and later	33 1/4%	18
Used Cars—1940-41-42	40%	15
New Household Appliances		
Minimum monthly payment:	\$7.50	
Minimum down payment:	\$15.00	
Refrigerators, gas and electric ranges, washing machines, and ironers	20%	36
Radios, phonograph combinations, and other appliances	25%	18
Television sets	25% (Plus cost of installation)	18

A. Leonidas Trotta Joins N.R.D.G.A.

A. Leonidas Trotta, Assistant Credit Manager of Stern Brothers, New York City, has been named manager of the Credit Management Division of the National Retail Dry Goods Association. Mr. Trotta was appointed to the position by Lew Hahn, president of the Association. He succeeds J. Gordon Dakins, who has headed the Credit Management Division for the last four years and will devote all his time now to his post as Executive Assistant to Mr. Hahn. A native New Yorker, Mr. Trotta has been with the Credit Department of Stern Brothers for 11 years.

Thomas J. Frawley, Jr., in New Position

Thomas F. Frawley, Jr., Oppenheim Collins & Co., New York City, will become special retail representative of the retail accounting division of Remington Rand, Inc., early in September. Mr. Frawley, a former member of the Board of Directors of the Credit Bureau of Greater New York, was credit manager of Oppenheim Collins & Co. prior to his service as a major in World War II, Army Air Forces. After leaving the service, he became Office Manager of Bonwit Teller, which position he left to become Store Superintendent of Oppenheim, Collins & Co. The N.R.C.A. wishes him continued success in his new position.

1947

Department Store PROCEEDINGS

(Includes Cycle Billing Forum and Credit Clinic)

● The proceedings of the Department Store Group, Cycle Billing Forum and Credit Clinic of the 33rd Annual Business Conference, held in St. Louis June 16-19, 1947, will be ready soon.

● The Credit Clinic, under the chairmanship of Ted W. Walters, The Bank of Ohio, Cleveland, consisted of a panel of 16 experts in nine different phases of business, and covered 70 questions on different subjects.

● The Department Store Group, under the chairmanship of Urban Morf, O'Connor, Moffatt and Co., San Francisco, held two sessions at which the members requested answers to a list of 115 questions on ten subjects.

● The Cycle Billing Forum, under the chairmanship of Dean Ashby, J. L. Brandeis and Sons, Omaha, and a panel of four well-known credit executives, was an overflow meeting, and those in attendance requested answers to 70 prepared questions on ten subjects.

● The proceedings of these three important features of our program are an exact transcript of the discussions.

The price is only
\$3.00 to Members—\$3.75 to
nonmembers

Edition Limited

Be sure of a copy, please order NOW!

NATIONAL RETAIL CREDIT ASSOCIATION

Shell Building • St. Louis 3, Mo.

Sales
Promotion

Interviewing

Investigating

Billing

Collections

Control

The CREDIT Clinic

Conducted by ARTHUR H. HERT, Research Director

A "give-and-take" page,
wherein readers may ask
— and answer — ques-
tions about their credit
and collection problems
and solve them in the
laboratory of practical
experience...

The Question

I would be interested to know if any other stores are purchasing the conventional bookkeeping machine equipment. It is my impression from reading the magazine ads that many stores are adopting the simplified cycle billing when they have to purchase new bookkeeping machines. I wonder what per cent of the purchasers are buying cycle billing equipment and what per cent the conventional type.

The Replies

Akron, Ohio: Like everybody else, we have been thinking about simplified cycle billing. We feel that we are quite some time away from it but are interested in every phase of it because conditions might change overnight.

★ ★ ★

Baltimore, Md.: We are on a cycle billing arrangement, using the National Cash Register billing machine, Class 3000, with an automatic balance.

★ ★ ★

Baton Rouge, La.: Our machines were becoming badly worn, so in the early part of 1945 we ordered three machines, one to be used as an accounts payable machine, the other two for accounts receivable. We purchased National Cash Register bookkeeping machines. Since then, we have given serious thought to cycle billing. In fact, we are in a predicament, not knowing whether we should go into it or not. We believe it is the coming thing but are afraid to tackle it. One reason, of course, is that we would have to trade in the three National machines that we now have, as well as quite a few Kardex files which we use for authorizing, and would then have to buy all new equipment which would cost us approximately \$10,000. But, if it were necessary that we replace our old machines with new equipment and if we were authorizing from our ledgers, we would buy the new type bookkeeping machine and adopt simplified cycle billing.

★ ★ ★

Birmingham, Ala.: Our store installed cycle billing a little over a year ago. We purchased Burroughs bookkeeping machines and Acme Visible Record equipment.

★ ★ ★

Brooklyn, N. Y.: We have purchased eight National Cash Register cycle billing posting machines for delivery in September.

★ ★ ★

Cincinnati, Ohio: We have not purchased any new machines since going on cycle billing. In fact, we did not purchase new machines when we went on cycle

billing but converted the N.C.R.'s that we already had. At the present time, we are satisfied with our operation and are not contemplating making any change.

★ ★ ★

Cleveland, Ohio: In 1944, we purchased regular billing machines with keyboard for use in our end-of-month billing on statements which we photograph before mailing. We are now considering cycle billing but it is uncertain whether or not we will change to regular cycle billing equipment in preference to our present machine. There are some advantages in having the keyboard.

★ ★ ★

Denver, Colo.: Two years ago, we replaced our worn-out Elliott Fisher machines and methods with cycle billing equipment, using Burroughs billing machines and Remington Rand cabinets and files. We have found cycle billing to be a vast improvement.

★ ★ ★

Des Moines, Ia.: We have been on cycle billing since October, 1944, and are using four Sundstrand machines, with another on order. Our monthly statements run from 50,000 to 60,000. Our ledgers are carried in Remington Rand files.

★ ★ ★

Dallas, Tex.: Our firm purchased four National cycle billing machines this spring.

★ ★ ★

Kansas City, Mo.: If we were going to install new bookkeeping machines to be used on the old conventional form of bookkeeping, we would use the conventional bookkeeping machines that were and still are being used by firms that have not adopted cycle billing. We have heard that there are a few firms who attempted to use the old-style machines with their cycle billing system, but the machines were too slow for the new system. With the experience, we have had with both the old and the new systems of bookkeeping, we would strongly recommend that any firms that are considering putting in cycle billing go the full way and put in the modern cycle billing machines. Any other plan will handicap the new system seriously. To prove this point, we were using six keyboard type machines before we installed cycle billing. With cycle billing, we use two modern cycle billing machines. We bought two new Burroughs cycle billing machines the first part of 1946.

★ ★ ★

Louisville, Ky.: We have not made any changes in our bookkeeping for several years. We use Elliott Fisher machines, and a few National Cash Register machines.

Louisville, Ky.: We intend to buy new cycle billing equipment within the next several months.

★ ★ ★
Memphis, Tenn.: We adopted simplified cycle billing October 1, 1946. We purchased Sundstrand bookkeeping machines, and they have proved very satisfactory.

★ ★ ★
Milwaukee, Wis.: We purchased National Cash cycle billing machines when we changed over to cycle billing in 1944. Because of improvements, we made a replacement in the latter part of 1946 and early part of 1947. Anyone contemplating new bookkeeping equipment should certainly investigate cycle billing and reap the benefits that so many others have enjoyed throughout the country.

★ ★ ★
Minneapolis, Minn.: Our firm has recently installed National Cash Register bookkeeping machines to replace Elliott Fisher machines. We decided not to go into cycle billing, as it is done at the present time, because we believe the operation is too expensive. There will probably be improvements in the next few years, at which time we might decide to change from the conventional bookkeeping method to cycle billing, or to what may be substituted as an improvement over cycle billing.

★ ★ ★
Minneapolis, Minn.: We have just installed Craig Two-Tier filing equipment and Sundstrand billing machines. Our cycle billing operation began July 1, 1947.

★ ★ ★
Nashville, Tenn.: Our company purchased Sundstrand billing machines for our cycle billing. We photograph all posting media and mail the original to the customer. After about ten months' operation, our customers are enthusiastic about this new billing system. It has enabled us to keep our accounts in a current condition and, at the same time, has given us a smoother operation and a much better credit control.

★ ★ ★
New Orleans, La.: We went on cycle billing August 1. Our equipment is made up of 16 units of Craig filing cabinets with Shaw-Walker ledger sheet credit cards and alphabetical index with Recordax equipment and four Sundstrand billing machines.

★ ★ ★
New York, N. Y.: We purchased six Sundstrand machines for cycle billing about a year ago. To date, they have proved entirely satisfactory.

★ ★ ★
Oakland, Calif.: We have purchased Sundstrand billing machines, preparatory to the adoption of cycle billing.

★ ★ ★
Oklahoma City, Okla.: We installed the National Cash Register bookkeeping machines and the Craig files for cycle billing on October 15, 1946. We have an unusually nice setup, simple and easily operated, the best I have seen anywhere.

★ ★ ★
Omaha, Neb.: Last year, we purchased new equipment which enabled us to start cycle billing on Feb. 15 of this year, using Underwood Sundstrand bookkeeping machines and Remington Rand Kardex filing equipment. We have found this combination most advantageous and are having excellent production on this type of machine.

Peoria, Ill.: A store considering the purchase of bookkeeping equipment now should decide whether or not it would be practical to adopt cycle billing. Each store has to consider its own type of operation, individual problems, number of accounts, etc., and then make a decision as to whether or not it should adopt cycle billing. We recently have had the same problem and have decided, after a thorough investigation and study of the cycle billing procedure, that we would not adopt cycle billing at the present time and have ordered eight new National Cash Register billing machines for the regular standard billing operation.

★ ★ ★
Pittsburgh, Pa.: We use National Cash Register machines exclusively.

★ ★ ★
Pittsburgh, Pa.: We have recently purchased and are now installing cycle billing equipment known as Cycle-Matic manufactured by Remington Rand. We have purchased Sundstrand bookkeeping machines.

★ ★ ★
Portland, Ore.: We have purchased two Sundstrand billing machines, which are used in conjunction with our cycle billing installation.

★ ★ ★
Portland, Ore.: We use Sundstrand machines for cycle billing, and are well pleased with their excellent performance.

★ ★ ★
Providence, R. I.: We are not purchasing bookkeeping machines or any equipment which we could not use if we changed to cycle billing. We are still watching the outcome of cycle billing.

★ ★ ★
Salt Lake City, Utah: We have investigated all phases of cycle billing thoroughly. Two firms have installed the system in our city and, as our equipment will need replacing within the next year or two, we naturally have been interested in cycle billing. Although we are not so large that we experience much delay in getting out our statements, we have reached the conclusion that a cycle billing machine probably would be advantageous to us.

★ ★ ★
San Francisco, Calif.: We recently purchased three new Sundstrand billing machines to replace six Nationals. We also purchased 12 Craig units of filing equipment to replace 200 gravity lock binders.

★ ★ ★
San Francisco, Calif.: We are adopting the cycle billing system in September. Our store is purchasing the Sundstrand machine rather than the conventional type.

★ ★ ★
Springfield, Mass.: We have been on cycle billing since October, 1946, having purchased three new National cycle billing machines to do the work. These have a typewriter keyboard. We are on simplified cycle billing with filming.

★ ★ ★
St. Louis, Mo.: We recently purchased some National Cash Register billing machines. We plan to use them on conventional billing and then convert them to cycle billing, when we go on that basis.

(To be continued next month.)

CREDIT DEPARTMENT

Letters

W. H. BUTTERFIELD, Educational Director, National Retail Credit Association

SEVERAL MONTHS ago this Department commented on the objective of the SFADIBL—"Society For Abolishing 'Dear' In Business Letters." In effect, we said that persons interested in improving business correspondence can perform a great service, but that major faults and glaring weaknesses are better objects of reform than mere trivialities. Many readers of "Credit Department Letters" expressed their agreement with this sentiment.

Within recent weeks two or three of our readers have asked what we thought of another proposed "reform" in business letter practice—the use of *Ms.* as a substitute for both *Miss* and *Mrs.* Those who like the idea can argue that it would eliminate any chance of addressing a woman by the wrong title when the writer is not sure of her marital status. We understand also that some advocates of the change contend that it protects the personal rights of women. Just as the title *Mr.* reveals nothing of a man's marital status, *Ms.* would do the same for every woman who writes business letters.

Well, we hadn't realized that this detail was a top secret. Moreover, the letters *MS.* or *ms.* have long been the standard abbreviation for *manuscript*. Ninety-nine women out of a hundred, if they noticed the form *Ms.* preceding their name, would consider it a careless typographical error.

So much for the merits and demerits of the proposed new title for women. Again we say: Let's drop the hair-splitting and devote our efforts to the *big* things that will make our letters more effective. Until we've eliminated the trite expressions that waste words and conceal thought—until we've mastered the requirements of unity and coherence in our letter writing—until we've learned how to make the written message friendly and persuasive—there's *REAL* work to be done.

Recently the *Bulletin* of the American Business Writing Association presented as a "horrible example" a letter mailed by a well-known metropolitan department store. The same letter, according to the *Bulletin*, was previously reprinted by the *New Yorker* under the caption "Non-Stop Sentence Derby." Here it is:

Dear Madam:

Replying to your letter received several days ago in reference to a purchase of curtains which you advise were not as ordered, we are indeed sorry for the annoyance you have had on this occasion and we have issued a call to have the merchandise returned to us and upon receipt of same we will have credited to your account and we would appreciate it very much if you will kindly advise the description of the curtains you originally ordered as to price size and color and we will be very glad to try to fill your order and again regretting extremely the error we have made, we are

Very truly yours,

Why is this letter a disgrace to the firm it represents? Is it because the writer used *Dear* in the salutation, or

because he didn't use *Ms.* in addressing a woman? Hardly! The letter is a disgrace because it violates all the requirements of good writing—because its jumble of words proves the incompetence of its writer.

Thousands of letters almost as bad as the foregoing example are mailed every day. The standards of business correspondence are still far below the efficiency level of most other phases of management. If we want higher standards in letter writing, let's correct the fundamental faults that make so many letters ineffectual. When this has been accomplished, the "Much-ado-about-nothing Club" can split hairs to their hearts' content.

This Month's Illustrations

Meanwhile, let's examine the results of a serious weakness—and a very common one—in the writing of credit department letters. "Worditis" is a bad habit shared by many credit correspondents who make their letters much longer than they need to be. Unnecessary length handicaps a letter. It tires the reader; it gives other interests an opportunity to "steal" his attention.

Obviously, then, an expert letter writer does not waste his reader's time and risk the loss of attention and interest. Instead, he keeps his letter moving briskly along.

Illustration No. 1 on the next page shows a letter of appreciation to prompt-paying customers. The idea is excellent, but the message lumbers monotonously through 145 words. At the beginning of the second paragraph its forward motion stops, and the letter remains at a complete standstill for six lines. At such a spot the reader's interest lags, and something else may take his attention entirely away from what he is reading.

Illustration No. 2 shows a revision of the first letter, reducing its length from 145 words to 76 words. Cutting the message by 47.6% not only eliminates "worditis"; it makes the letter more direct and forceful.

Illustration No. 3, like the first specimen example, is based on the false assumption that the writer can waste every other word and still do a good job. The result, as always, is a flabby letter—one that grows tiresome to the reader and loses his attention. The writer has used 100 words to present a message that can be conveyed far more effectively in exactly half that number.

Illustration No. 4 provides proof of the preceding statement. Containing 50 words, it conveys the same message as *Illustration No. 3*, but with a directness that avoids the verbose, flowery style. The result is a letter far superior in tone and readability.

Words were created to convey ideas—to say something! The correspondent who uses them to complicate a simple message—to make a short letter long—is wasting time, money, and effort. *A good letter writer never uses two words to do the work of one.* ★★★

The Wrong Way

Dear Mrs. Burton:

It is all too seldom that a prompt-paying customer receives any word of appreciation from the credit department for the fine and prompt manner in which all bills are paid year after year. ①

Your record is certainly most pleasing to us and we do appreciate it very much. Seldom, if ever, is your name before us — except, of course, in the pleasantly recurring task of approving your charge purchases and receiving in due time your prompt remittance.

The single purpose of this letter is to say "thank you" for the fine way you co-operate with us. We do want you to know what real pleasure an account like yours brings to us, and that we feel a genuine gratitude for your friendly patronage. It is our hope that we may continue to merit your friendship and good will for a long time to come.

Cordially,

The Right Way

Dear Mrs. Burton:

A prompt-paying customer seldom receives any word of thanks for the fine manner in which bills are paid year after year. ②

Your record is a splendid one, and we surely appreciate it. So the purpose of this letter is to say "thank you" for the fine way you co-operate with us.

We feel a deep gratitude for your good will and patronage, and shall try to be worthy of both for many years to come.

Cordially,

The Wrong Way

Dear Mrs. McBride:

We note with pleasure and satisfaction the fact that your name was recently placed on our books as a new charge customer. The use of our credit facilities will afford you the utmost in shopping convenience and enjoyment. ③

At all times we shall undertake to serve you in accordance with your wishes, and we shall hope to merit an ever-increasing amount of your patronage.

May we take this opportunity to express our thanks for the opening of your account at Blank's, and to assure you of our best endeavor to serve you to your complete satisfaction at all times.

Sincerely yours,

The Right Way

Dear Mrs. McBride:

It is a pleasure to welcome you as a charge customer. We appreciate your opening an account at Blank's, and invite you to make full use of its conveniences. ④

We'll do our best to satisfy you completely with our merchandise and service, and to make all your visits here enjoyable.

Sincerely yours,



Business Conditions and Outlook

● Business Volume Keeps Up Close to Peak ●

BUSINESS HAS HELD up well during the summer months even though activity in some lines has declined slightly. The volume as measured by financial transactions is 4 per cent higher than it was a year ago and the most recent preliminary reports of current activity indicate that possibly somewhat higher levels can be expected this fall. Most of the increase has been due to higher prices rather than to any marked changes in the quantities of goods produced. Although factory output continues to be high, it has been reduced to some extent since several months ago.

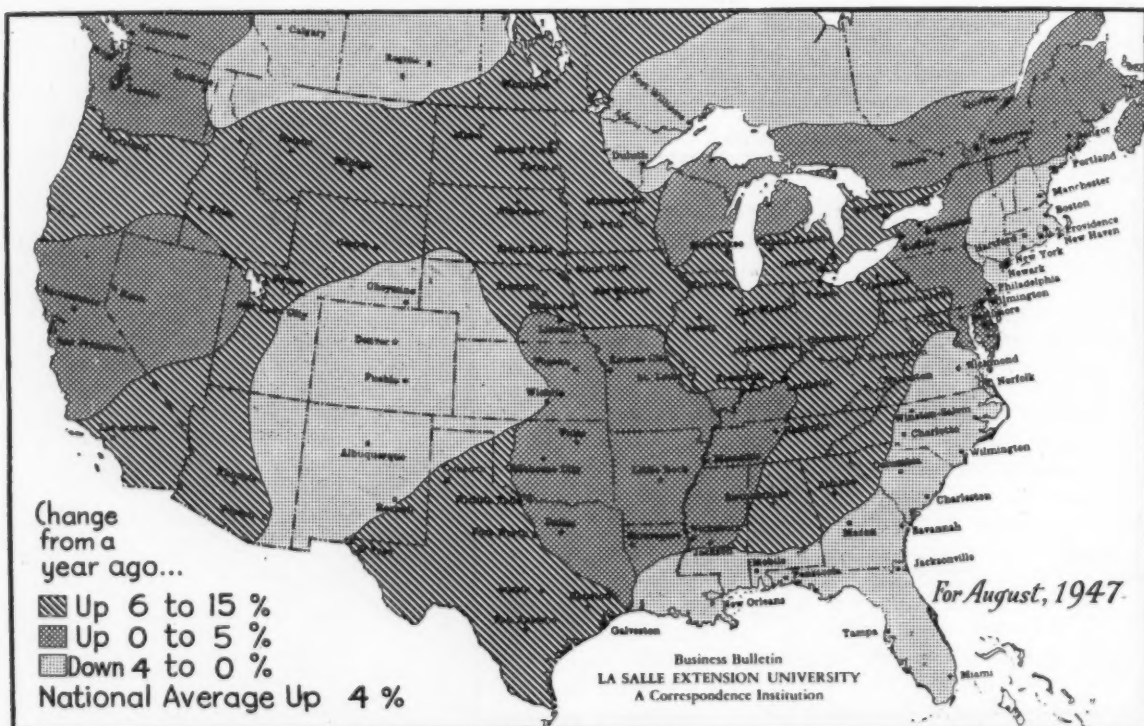
VARIATIONS IN BUSINESS among different parts of the country are significant although they are still following about the same trends as have been predominant throughout this year. The La Salle Map shows that conditions have been maintained at the highest levels in the agricultural regions, due primarily to the fact that farm income has been running about 30 per cent higher than it was last year. Even the floods and unfavorable weather in several regions have not yet affected greatly the general average. Hence business is very good in the Middle West, especially in the upper part of it.

AMONG THE INDUSTRIAL areas, the region south of the Great Lakes is making the best showing and the percentage gains over last year are almost as large as in the agricultural sections. Especially striking are the improvements in automobile production and in the steel mills, as

well as the other metal working industries. The high pay rolls and consumer purchasing power are reflected in large volumes of retail sales, and no significant signs of marked slackening have yet appeared.

THE MAJOR AREAS of lagging business are in New England and along the Atlantic Coast. Business in both regions has been running lower than it was last year, although there are many exceptions in some communities and industries in those regions. The large export trade has tended to offset the declines in a large number of smaller factories whose output has come close to catching up with the consumer demand. In an increasing number of non-durable goods lines, the most urgent shortages have been eliminated and supplies even at a slightly reduced rate of production are adequate to meet the demand.

THE BUSINESS SITUATION in Canada has changed but little in recent weeks, but the trend is slowly upward. The biggest gains have been made in the industrial area north of the Great Lakes, and in sections of the agricultural regions. Large retail sales volumes and increased production in many lines have offset the declines in construction and the smaller gains in mining. Well-sustained business during the summer points toward further improvements in the fall months.—BUSINESS BULLETIN, La Salle Extension University, Chicago, Ill.





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0	4 7	•	THE ANSWER
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2	7 8 9 0	•	MULTIPLIER
4	7 8 9	•	THE ANSWER
	2 5 5 6 3 6	•	

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MACHINES FOR MANAGEMENT

Collection Scoreboard

Compiled by the Research Division

July, 1947

July, 1946

CITIES	DEPARTMENT STORES (Open Accounts)						DEPARTMENT STORES (Installment Accounts)						WOMEN'S SPECIALTY STORES						MEN'S CLOTHING STORES					
	1947			1946			1947			1946			1947			1946			1947			1946		
	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.	AV.	HI.	LO.
Atlanta, Ga.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Baltimore, Md.	47.7	51.0	45.2	51.9	64.4	43.4	24.6	27.6	20.0	32.2	42.0	19.9	46.6	47.8	45.5	48.9	52.6	42.0	46.0	51.9	40.1	—	53.2	—
Birmingham, Ala.	50.0	59.2	43.0	51.1	64.5	39.7	32.3	36.7	28.2	40.6	45.4	35.9	45.9	50.7	43.0	52.1	58.2	52.0	56.4	56.9	55.7	67.4	69.0	66.3
Boston, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Cedar Rapids, Ia.	61.8	82.2	58.6	78.3	80.0	72.4	—	23.0	—	—	34.0	—	—	—	—	—	—	—	71.6	73.0	70.2	89.3	91.0	87.6
Cincinnati, Ohio	58.9	75.3	50.5	64.4	72.6	55.8	21.4	27.9	16.3	31.3	46.3	26.3	58.3	61.7	55.0	63.4	67.4	59.5	56.6	61.6	51.6	61.9	65.2	58.6
Cleveland, Ohio	51.2	57.5	46.6	56.8	63.2	54.3	33.8	35.2	30.9	40.2	40.5	34.8	—	54.3	—	—	42.3	—	67.7	92.3	48.2	71.3	104.0	47.8
Columbus, Ohio	—	59.0	—	—	62.0	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Davenport, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Denver, Colo.	57.1	60.3	55.1	63.6	72.9	60.2	31.7	52.0	29.0	32.8	71.6	29.9	56.0	56.9	55.1	63.6	63.9	63.4	—	—	—	—	—	—
Des Moines, Ia.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Detroit, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Grand Rapids, Mich.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Kansas City, Mo.	—	70.0	—	—	—	—	—	23.1	—	—	27.3	—	62.7	68.0	54.9	67.3	70.2	60.0	62.7	68.0	54.9	67.2	70.2	60.0
Little Rock, Ark.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Los Angeles, Calif.	58.9	65.9	57.3	62.7	69.1	53.1	30.8	34.9	27.0	—	—	—	58.6	58.9	58.2	—	71.6	—	60.2	70.0	54.7	73.0	90.2	57.1
Louisville, Ky.	51.3	52.5	50.2	58.9	59.0	58.8	27.1	32.4	21.8	30.1	37.7	22.6	45.1	46.2	44.1	55.3	56.2	54.4	49.7	50.3	49.1	63.2	66.8	59.7
Lynn, Mass.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Milwaukee, Wis.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Minneapolis, Minn.	65.2	69.9	57.0	73.7	77.9	68.1	35.5	37.4	34.0	40.1	43.2	38.4	55.3	63.3	47.2	77.7	78.7	76.6	65.6	75.1	58.4	72.1	77.2	69.0
New Orleans, La.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
New York, N. Y.	52.2	63.5	43.3	55.1	71.4	40.2	24.1	36.6	18.8	24.5	43.4	22.2	44.1	46.4	41.7	—	47.6	—	—	—	—	—	—	—
Oakland, Calif.	61.6	62.9	57.0	65.7	78.8	63.5	28.1	43.9	26.1	35.9	54.6	32.1	—	53.6	—	53.6	60.5	46.8	61.2	66.2	38.2	63.5	71.2	52.0
Omaha, Neb.	—	55.1	—	—	68.4	—	—	28.2	—	—	19.4	—	—	57.0	—	—	—	—	—	—	—	—	—	—
Pittsburgh, Pa.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Providence, R. I.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
St. Louis, Mo.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Salt Lake City, Utah	71.0	78.5	63.8	76.3	88.6	64.9	35.8	43.0	30.1	—	32.5	—	—	—	—	—	—	—	—	52.4	—	—	77.0	—
San Francisco, Calif.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Santa Barbara, Calif.	61.9	70.8	53.2	—	—	—	—	—	—	—	—	—	65.6	73.5	57.0	—	—	—	74.6	76.0	72.1	—	—	—
Sioux City, Ia.	65.7	70.8	60.6	—	68.5	—	27.0	29.2	24.9	—	27.6	—	60.5	70.0	51.0	—	—	—	63.5	68.3	58.6	67.8	77.9	57.6
Spokane, Wash.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Springfield, Mass.	62.7	67.8	57.5	62.9	65.2	60.6	28.6	30.2	27.0	33.8	39.6	28.0	—	72.1	—	—	73.3	—	—	61.7	—	—	62.7	—
Toledo, Ohio	55.9	56.9	50.7	59.2	59.4	57.4	24.9	30.8	24.2	27.2	28.6	23.3	57.7	57.9	54.3	55.7	57.3	54.1	49.1	50.3	48.0	50.7	50.8	50.6
Tulsa, Okla.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Washington, D. C.	48.4	57.3	43.3	52.2	57.1	43.7	23.4	24.7	20.6	27.5	32.1	21.7	—	—	—	—	—	—	—	—	—	—	—	—
Worcester, Mass.	49.7	50.5	49.0	51.6	52.9	50.3	—	23.7	—	—	26.6	—	49.0	53.4	41.0	61.0	62.0	35.7	—	54.1	—	—	60.1	—
Youngstown, Ohio	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Ottawa, Ont.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Vancouver, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Victoria, B. C.	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

EVERY MEMBER of this Association should read the results of the 1946 Retail Credit Survey, compiled by the Division of Research and Statistics of the Board of Governors of the Federal Reserve System. The survey appeared in the BULLETIN of the Federal Reserve Board for July, 1947, and a summary will be published in the October CREDIT WORLD. It appears that credit sales in 1946 increased 38% to a record high level of 22.5 billion dollars. Installment sales expanded almost twice as fast as charge-account sales but remained considerably below the prewar level. Cash sales rose at a less rapid rate than either type of credit transaction. Charge-ac-

count sales of all retail establishments in 1946 are estimated at nearly 19 billion dollars, or 34% above those in the preceding year. A slackening in the rate of collections, already in evidence, is likely to continue as total indebtedness mounts, but need not present a serious problem to retailers in 1947, provided credit terms are not unduly eased. Copies of the 1946 Retail Credit Survey, which contains separate data for nine trades, may be obtained on request from the Division of Administrative Services, Board of Governors of the Federal Reserve System, Washington 25, D. C.

Arthur H. Hert

Monthly CREDIT STATISTICS



CONSUMER CREDIT outstanding increased 221 million dollars or about 2 per cent during June to an estimated total of 10,884 million dollars. Most of the increase occurred in the instalment segments and in charge-account indebtedness. Total credit outstanding at the end of June was nearly 38 per cent higher than a year earlier.

Instalment loans outstanding rose approximately 3 per cent during June, or at about the same rate as in other recent months. Repair and modernization loans outstanding continued to increase and were nearly 90 per cent larger than a year ago.

Charge accounts receivable increased slightly in June when little change is usual. At the end of the month this type of indebtedness was approximately 24 per cent larger than on June 30, 1946.

Ratio of Collections to Accounts Receivable¹

MONTH	INSTALMENT ACCOUNTS				CHARGE ACCOUNTS
	DEPART- MENT STORES	FURNI- TURE STORES	HOUSE- HOLD AP- PLIANCE STORES	JEWELRY STORES	DEPART- MENT STORES
1941					
December	20	11	12	23	46
1942					
June	22	14	13	22	56
December	31	18	15	30	65
1943					
June	29	21	21	33	62
December	35	22	22	55	63
1944					
June	31	24	28	30	63
December	36	23	39	49	61
1945					
June	32	23	43	33	64
December	36	24	48	46	61
1946					
June	33	26	55	32	60
December	35	26	47	44	54
1947					
January	29	23	47	26	52
February	28	21	42	25	51
March	32	25	44	27	56
April	29	23	44	25	54
May	29	24	44	25	56
June	27	23	46	22	54

¹Ratio of collections during month to accounts receivable at beginning of month.

CONSUMER INSTALMENT SALE CREDIT, EXCLUDING AUTOMOTIVE

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL EXCLUD- ING AUTO- MOTIVE	DEPART- MENT STORES AND MAIL- ORDER HOUSES	FURNI- TURE STORES	HOUSE- HOLD APPLI- ANCE STORES	JEW- ELRY STORES	ALL OTHER RETAIL STORES
1941	1,805	469	619	313	120	284
1942	1,012	254	391	130	77	160
1943	641	174	271	29	66	101
1944						
June	515	138	237	15	44	81
December	635	194	269	13	70	100
1945						
June	532	151	237	11	49	84
December	676	198	283	14	74	107
1946						
June	699	210	299	17	63	110
December	1,015	338	366	28	123	160
1947						
January	985	337	352	27	114	155
February	978	338	349	30	107	154
March	1,004	358	354	29	105	158
April	1,060	386	366	32	109	167
May	1,112	409	382	32	114	175
June	1,142	413	396	35	118	180

DEPARTMENT STORE SALES BY TYPE (Percentage of total sales)

YEAR AND MONTH	CASH SALES	INSTALMENT SALES	CHARGE- ACCOUNT SALES
1941—January	49	8	43
December	53	6	41
1942—June	56	5	39
December	61	5	34
1943—June	60	4	36
December	65	4	31
1944—June	63	3	34
December	64	4	32
1945—June	63	3	34
December	64	4	32
1946—June	59	4	37
December	57	5	38
1947—January	57	6	37
February	56	6	38
March	55	6	39
April	55	6	39
May	55	6	39
June	55	6	39

TOTAL CONSUMER CREDIT, BY MAJOR PARTS

[Estimated amounts outstanding. In millions of dollars]

END OF MONTH OR YEAR	TOTAL CONSUMER CREDIT	TOTAL INSTALMENT CREDIT	INSTALMENT CREDIT				SINGLE- PAYMENT LOANS	CHARGE ACCOUNTS	SERVICE CREDIT
			SALES CREDIT			LOANS			
			TOTAL	AUTOMOTIVE	OTHER				
1941	9,899	5,924	3,744	1,942	1,802	2,180	1,691	1,704	610
1942	6,485	2,955	1,491	482	1,009	1,464	1,369	1,513	648
1943	5,338	1,961	814	175	639	1,147	1,192	1,498	687
1944									
January	4,988	1,857	742	169	573	1,115	1,145	1,294	692
June	5,168	1,840	796	192	514	1,134	1,242	1,370	716
December	5,777	2,039	835	200	635	1,204	1,251	1,758	729
1945									
January	5,486	1,972	777	192	585	1,195	1,246	1,534	734
June	5,697	1,987	719	188	531	1,268	1,420	1,544	746
December	6,734	2,365	903	227	676	1,462	1,616	1,981	772
1946									
January	6,505	2,363	877	235	642	1,486	1,659	1,701	782
June	7,762	2,908	1,035	336	699	1,873	1,697	2,327	830
December	9,959	3,966	1,559	544	1,015	2,427	2,055	3,054	864
1947									
January	9,783	4,061	1,566	581	985	2,495	2,089	2,764	809
February	9,728	4,172	1,669	631	978	2,563	2,080	2,602	874
March	10,216	4,329	1,691	691	1,004	2,634	2,243	2,768	876
April	10,407	4,537	1,813	753	1,060	2,724	2,215	2,782	873
May	10,663	4,741	1,922	810	1,112	2,819	2,213	2,835	874
June	10,884	4,906	2,004	862	1,142	2,902	2,216	2,887	875

Granting Credit in Canada

J. H. SUYDAM . . . Canadian Correspondent

Installment Credit in 1947

E. K. EVANS, Credit Manager, F. C. Burroughs Furniture Co. Ltd., Toronto, Ont.

A MAN ONCE TOLD ME that installment credit is the art of buying something for nothing or having no money and buying on your face value. Not so many years ago, there was a certain stigma attached to buying on the installment plan. Social workers deemed it slavery for those who were foolish enough to sign away their future earnings and considered it a fertile field for usurious money lenders. There was a saying that through installment credit people spent money they hadn't earned, to buy things they didn't need, to impress people they didn't like.

Today, the business world regards installment selling as legitimate and profitable. It is taken for granted 100 per cent in the merchandise era ahead. Actually, it is a plan for buying merchandise on a pay-as-you-earn basis.

It is pledging your future earnings and your word, and, in return, obtaining goods, the title of which passes to you upon completion of your contract. Usually, in the installment contract there are clauses governing this title, repossession rights, interest on overdue installments, etc. Credit thinking has changed. Formerly, merchants were hesitant to sell goods on the installment plan unless they could be reclaimed if payments were not met. This thinking has been reversed. Notwithstanding the title to the merchandise which the seller retains as a protection against non-payment, most credit granters will not approve credit to substandard risks. Merchants sell goods and want them to stay sold.

Where does installment credit fit in our national economy? According to a well-known professor in the United States, installment credit is needed for a balanced economy, because it provides for ways to dispose of merchandise, especially where there is overproduction. It gives an outlet for goods, the manufacture of which is essential to keep unemployment at a minimum. If we employ men, we must produce, and if we produce, we must sell. Up to now, no one has found a method whereby we all have sufficient money to pay cash for necessities. Installment credit affords people in the lower-income brackets an opportunity to obtain necessities which will help raise their standard of living. If they are to purchase their share of the goods of increased production this year, a considerable amount of installment credit will be necessary.

As much as production is the key to prosperity, so are distribution and credit a part of the system of getting goods to the public. Economists tell us that the one sure way to maintain prosperity is for us, as a nation, to consume more and more goods. Installment credit is part of the vehicle which can make possible this increase in consumption. In addition, it creates an added volume of business for the retailer. If controlled properly, losses

can be kept to a mere fraction, and that is where you, as credit granters, fit into the picture.

During the war, we had a sellers' market, created when our industries were turned to the manufacture of war materials. Few of the things that the average citizen wanted were made, with the result that any retailer could dispose of his small stock hurriedly and for cash. While this has been going on, it has not been difficult to maintain a steady, prosperous economy because of short supply of goods and the tremendous purchasing power.

But when merchandise is in full supply, consumers will soon exhaust their surplus cash and this will create a buyers' market. Installment credit then will come to the fore, as it is needed to sell. Manufacturers, retailers and salesmen will need markets. With smaller amounts of cash about, installment credit comes into its own to balance the nation's economy, thereby helping to keep the wheels of industry turning.

So installment credit plays a big part in our nation's business life. Without it, we could not overcome the difficulties of normal times with their complex problems of unemployment, lower wages, overproduction and standards of living.

Installment credit is not only needed for a balanced economy and to stimulate business by creating markets, but also is needed by consumers. A large percentage of us rarely have the cash to pay in full for things we want, especially when the amount of the purchase is large. For instance, the average couple looking for a home seldom pays cash. If we had to, few of us would own homes. More cars have been sold during recent years for cash than for many years before, but the time is not far away when this condition will be reversed. The one thing that put electric refrigeration in the forefront of Canadian business a few years ago and made it one of the most sought-after commodities was the fact that it was available on credit terms. Electric refrigeration is almost a "must" in the modern home and has done much to raise our living standards to their present levels.

Benefits from Installment Credit

Who benefits from installment credit? This question can be answered with one word, "Everyone."

Those in the lowest income brackets benefit greatly because they are able to furnish their homes, clothe their children, and buy up-to-the-minute commodities and necessities that make living worth while. Thus, they are more contented, and better citizens.

Have you ever granted credit to someone at Christmas when you knew that, if you refused, that person's holiday season would be spoiled? I had a case last Christmas when a lady asked for credit so that her children would still believe in Santa Claus. Her record was not too

good, but after talking it over with her, I decided to let her have the things she wanted. When she left, I felt that I had done something for the community in brightening that woman's home. If you have had that experience, you know the feeling I mean, and I am sure you felt glad to be a credit granter.

Retailers have certainly felt the benefit of installment credit, inasmuch as it stimulates their volume of sales with little risk of ultimate loss. Here I must put in a warning. The greatest danger to be faced by retailers and their credit granters will be that of overloading the consumer with too much credit. In case you have forgotten the Jones family that people used to live up to, they are back in the public eye this year. During the war, with the scarcity of merchandise, the Jones family was marking time. This year, with more hard goods and other high-priced merchandise for sale, there is a temptation on the part of the public to buy more than it can afford. Only close credit checking, right terms, and a regular collection follow-up will keep people from overbuying.

In a recent article by Rees D. Stith, United States Department of Commerce, he says, "The merchant who sells for credit gains a number of advantages:

(1) He is able to build up a clientele of regular customers. Cash customers, it has been said, are anybody's customers, while charge or installment account customers are customers of record.

(2) Credit is an accommodation to customers. Because of this, customers generally have a feeling of good will toward the store.

(3) These customers provide an excellent mailing and promotional list.

(4) Adjustments can be made more easily.

(5) A more intimate relationship can be built up between the customers and the store."

Manufacturers, too, benefit greatly from this business. The retailer's increased sales mean more purchases from the people who make the articles. More men and women will be employed to take care of the increase, and, if our unemployment figures are reduced, we will have a better type of citizen.

Raw Materials Are Needed

And so on, up the line, it is the same story. More money is needed in financing, and the bankers benefit. Raw materials are needed in greater supply, so the makers benefit; more goods are shipped, and thus, the railways and steamships benefit. Everyone benefits.

To overcome whatever disadvantages there may be in installment credit, we can treat it as a sacred trust placed with us by our employers and by the community. It is easy to O.K. every credit application that passes before us without any thought to the three C's of credit granting—character, capacity and capital. By doing so, we may create in our community an element that will obtain merchandise on the lowest down payment with no thought of adhering to the terms of the contract. Repossession or some other action is sure to take place, and then our social service agencies step into the picture. Some retail credit men are collateral conscious instead of character conscious. Some look to the article for payment instead of the individual. Instead, you should look upon installment credit as a contract with an individual of high character who has the capacity and willingness to pay.

Credit granters who place emphasis on "Can this customer be made to pay?" invite nothing but trouble. They would be better off if they placed *willingness* to pay as the first requirement. If investigation does not indicate that the applicant is willing and able to pay, he should not be extended credit. Our employers have placed their faith in us to pass credit on a sane, sensible basis. Bad debt losses and slow accounts are strictly our business. They are bound to occur, and it is up to us to keep them at a minimum.

Expense in connection with these accounts sometimes mounts rapidly. Irrespective of that is the loss of profit, occasioned by the slow turnover of our capital. Installment credit may be granted which will be of benefit to the customer but it must also benefit the retailer. Here, again, we fit into the picture. Good credit granting is an asset but risky credit granting probably will be a loss. Control of credit granting lies in your hands and whether it is beneficial to all or a burden to the credit seeker is your responsibility. With about 10 per cent of our national income going into credit buying, we control possibly the largest service in connection with our national buying power.

Installment Credit in the Business Structure

That installment credit will play a major part in the business structure during the next few months is a certainty. Retailers, faced as they are with heavier salary burdens and generally augmented expenses, realize they cannot ride along on a prewar credit volume. They know they will need a great many more credit accounts, and to get them they are planning and conducting solicitation campaigns right now.

An aggressive credit sales promotion program, a sound credit policy, close collection follow-up and the exercise of care in granting credit—that is the program that retail credit managers have laid out. They realize that the big task facing them now is that of increasing credit sales on a sound basis. Their primary concern is to make certain that they merchandise their store's accounts receivable to produce maximum sales volume consistent with sound credit practices.

Now, as never before, credit granters have to cooperate with each other to re-educate consumers and themselves to the fundamental facts of credit life. They must know their job on installment credit. Another thing that we must not underestimate in connection with installment credit is the importance of good customer relations. It has been found that people judge a store by their contacts with the credit department. While most customers will overlook a discourteous salesperson, they become extremely irritated if their credit and collection problems are mishandled. Accordingly, retail management expects credit departments to appreciate the value of good customer relations and to provide the type of service that will make for customers' good will.

You must get rid of the thought that you are doing customers a favor by extending credit to them. Instead, you must do everything possible to let the customer know that you welcome his business. *In reality, he is doing you a favor by coming to your store, and the store that is most gracious in greeting such customers is the one most likely to succeed.* ★★★

I got in touch immediately with Alcoholics Anonymous. That was in 1941. I was sitting at home one day when two men came to call on me. I was palsied, shaking like a leaf. I was nauseated and sick. I could not hold down a swallow of water. I thought I would die if I did not drink and I felt sure that I would die if I did drink. I was in that condition when these two men called on me and told me that they, too, had been through what I was then suffering. I could not believe that a human being could go through what I had gone through and come out of it able to stand smiling and understanding on his two feet, shoulders erect and eyes smiling. In these men, I saw my first hope. These men have done it, so can I! As they left my home and walked down to their car, I managed to walk to the door and stood there, nervously clutching nothing, with my tear-dimmed eyes glued to the glass watching the retreating steps of these two men who had brought to me the first possible hope for my recovery. I got into that organization and I worked hard.

During my drinking days, I had wrecked everything of value in life. I had wrecked my finances until my credit was not worth a dime. I had wrecked my automobile time and time again. Fortunately, I had not killed anybody although I had injured some. I had nearly wrecked the lives of my devoted parents and my staunch and devoted wife, who stood by me through thick and thin. In those troublesome and dark days, I had lost the respect of my friends. I had lost the respect of fellow lawyers. I had lost the respect of the judges before whom I practiced in a drunken sort of way. But, more than all that, I had lost my own self-respect. I felt that I was at the bottom of the barrel, so far down that I could not see any light above. When you are hoping for life and fearing death, hoping for death and fearing life, you can go only one of two directions, either upward and out of chaos or down to insanity and death.

Since September, 1941, not a drop of alcoholic liquor of any kind has passed my lips. That fact in itself is not significant. The significant thing is that I have completely lost the desire to drink. Every day or so, I am around friends who drink a great deal. Never do I have the slightest urge to drink. I serve it in my own home—mix cocktails and smell them to see if they smell as I think they ought to taste—mix highballs for my friends and see them drinking around the Country Club.

I have lost this compulsive desire to drink the thing which, in my individual case, is poison, and out of this chaos has come order. No more automobile wrecks. In these past years, I have paid off every single dime that I owe, except a few current bills. I have my own home unencumbered and I have a sum put away to take care of a rainy day. My financial situation is completely straightened out. My father and mother and my wife, who, thank God, have lived long enough to see me sober for nearly six years, whose faces were drawn in lines of disillusionment, hopelessness and discouragement, are today pictures of joy and happiness. Their faces are bathed in the sunshine of joy and happiness, and they have forgotten the tragedy and horror which this disease, through me, brought to them. My old friends have all come back and I have a host of new ones.

It is a grand and glorious feeling to come back. I have regained my health physically and mentally. The doctors tell me that, even though I drank hard for 17 years, there is nothing organically wrong with me. And

I have not only regained the respect of my friends, but I have regained my own self-respect, so that I can feel that, after all, within this rebuilt temple of mine there is some good. It has come about through the work of this great organization.

During that time, I have had the privilege and pleasure of personally aiding in the rehabilitation of nearly 90 other men and women. They have been able to get out of their beds, get rid of the jitters, and forget the terrible hang-overs. They have been able to work their way out of the bottomless pit in which they found themselves, arise, stand on their feet and face the world without fear.

There is nothing like it. There is nothing like being able to help someone out of difficulty. That is a thrill, a lift, that does not leave a hang-over. Remember, my case is only one of 50,000 men and women who have recovered as a result of this program.

Alcoholics Anonymous, a fellowship of 50,000 men and women, is based on no creed other than the restatement of some fundamental principles of conduct which are accepted by all religions. We have 12 steps which were formulated by Bill Wilson, a retired Wall Street Broker, who made and lost several fortunes, and who wound up in a sanitarium in New York as a hopelessly incurable alcoholic. Finding himself incurable, he went out to use himself as an example before he died, and in working with others he found that, miraculously, he lost the desire to drink. Twelve years ago, he started an organization consisting of two people, and they codified these standards of conduct for rehabilitation. For the sake of brevity, I will place them in five categories.

Powerless Over Alcohol

First, we admit that we are powerless over alcohol and through it our lives have become unmanageable. Second, we come to believe that in this great universe of ours, there is a Power of some kind, character or description greater than we are which can help to restore us to normalcy. Then we make a fearless, sincere and searching moral inventory of ourselves. That is hard to do because it is so easy in making an inventory of yourself to make a false financial statement. In this inventory, we set out, among other things, our debts, and we make arrangements to pay those debts as soon as possible.

Then we seek through simple daily prayer and meditation in our own way to increase our conscious contact with God as we understand Him, this Power that is greater than we, the Power that all people turn to in times of trial and trouble. Then, having had a spiritual awakening and, at least, a temporary recovery, we carry this message to other alcoholics and to the public generally. We do this in the hope that somewhere, somehow, some person may be aided in the same way as we were helped. This helps to make them better credit risks for you and for themselves, and certainly better credit risks for eternal life.

We make no pledge, no promise that we shall not drink again. We operate on a 24-hour schedule. We believe that with the help of this Power greater than we are, we shall not drink today. We may get drunk tomorrow, but we shall not drink this day. The days ripen into weeks and the weeks into months and the months into years, and the years into an eternity of joy and happiness in the service of others, in the service of mankind. And so, out of all this chaos, comes order. ★★



INSTALMENT ACCOUNTS outstanding at department stores increased slightly in June, and continued about four-fifths above the year-ago level. Collections on instalment accounts were down slightly as is usual in June, and the ratio of collections to instalment accounts outstanding at the beginning of the month was 27 per cent. At the prevailing rate of repayment instalment accounts would be outstanding, on the average, nearly six and one-half months. Charge accounts receivable declined one per cent in June, but were about one-fourth larger than on the corresponding date last year. Collections on charge accounts were reduced 2 per cent during the month, and the June collection ratio was 54 per cent, two points less than in May. The average collection period for charge accounts outstanding in June was about 56 days as compared with approximately 50 days a year ago. Cash and credit sales at department stores declined moderately from May to June. The volume of cash sales, which continued to account for approximately 55 per cent of the total, was 6 per cent below the year-ago level. Charge-account sales were 7 per cent larger than in June a year earlier, while instalment sales rose 53 per cent over the year-period.

★ ★ ★
THE LIFTING of Regulation W on November 1 will have no immediate effect on the credit setups at the major department stores in many cities throughout the United States. Representatives explained that existing rules on down payments and terms are considered liberal enough and that, unless competition forces them to do otherwise, no changes will be made.

★ ★ ★
CONSUMER INSTALMENT loans held by leading types of lending institutions increased 53 million dollars during June, to an estimated 2,320 millions at the end of the month. Each lending institution shared in the increase and the total amount outstanding on June 30 was about one and one-half times the year-ago level. The volume of loans made exceeded by 5 million dollars the amount extended during May.

★ ★ ★
QUERIES SHOW that by 1950, retailers will have spent no less than three billion dollars on remodeling and modernizing their stores. Mrs. Customer will become accustomed to up-to-date shopping facilities and will be expecting nothing less from her favorite stores.

★ ★ ★
WHOLESALE COLLECTIONS throughout the United States reached a five-year low in the month of May, according to the Chicago Association of Credit Men. In May, only 69% of those reporting stated that collections were good.

★ ★ ★
RETAIL FURNITURE store sales declined 7 per cent in June, reflecting seasonal decreases in each type of transaction. Cash sales were down 11 per cent from the high level of June last year, but both instalment and charge-account sales continued substantially above the year-ago volume. Instalment accounts receivable rose 3 per cent in June, and at the end of the month were 35 per cent above the level of a year earlier. Collections on instalment accounts declined 6 per cent, and the ratio of collections during June to instalment accounts outstanding at the first of the month was 23 per cent as compared with 24 per cent in May. The average repayment period for instalment accounts outstanding in June was around seven and one-half months, nearly a month longer than during the corresponding month of 1946.

VETERANS TRAINING on the Job Program has an enrollment of 619,647. This total has been decreasing monthly for the last three months. Veterans taking education and training benefits, excluding disabled veterans, total 2,444,765.

★ ★ ★
IN 1937, one family in 50 made \$100 a week. Today, it is one out of 12. One family in seven in 1937 earned between \$2,500 and \$5,000 a year. Now, every other family does.

★ ★ ★
BUSINESS FAILURES increased 100% in the first quarter of 1947, as compared with the same period of 1946. The number of failures is still well below the prewar average in number, but the average liability is now \$60,000, about five times greater than the prewar average, \$12,000.

★ ★ ★
NATIVES OF Cape Province, South Africa, are bedecking themselves with rubber canning-jar-ring bracelets and anklets in these days of copper and brass wire shortages. More than 500,000 of the rubber rings were shipped from the United States during the past year for use as jewelry.

★ ★ ★
THE PROMOTION of consumer credit by banks showed a significant increase in 1946, according to a survey made by the Financial Advertisers Association. Twenty-four per cent of the 1946 average advertising budget of reporting banks was devoted to consumer credit, a boost of 10.3% over 1945.

★ ★ ★
SALES OF E, F and G Savings Bonds until June of this year were \$3,120 million, contrasted with \$3,168 million for the same period last year. Redemptions of \$1,792 million compare with \$2,611 million in the early months of 1946.

★ ★ ★
THE NATIONAL City Bank of New York, which installed its personal loan department in 1928, has recently announced the granting of its billionth-dollar loan.

★ ★ ★
FURNITURE AND JEWELRY store instalment accounts outstanding showed further gains in June. Household appliance store accounts receivable increased somewhat and at the end of the month were about twice the amount outstanding a year earlier. Instalment accounts receivable at furniture stores were approximately one-third higher than on the corresponding date last year, while the year-to-year increase at jewelry stores was 86 per cent. The ratio of collections during June to instalment accounts outstanding at the beginning of the month at household appliance stores was 46 per cent, two points higher than in the two preceding months. At furniture and jewelry stores the June collection ratios were 23 per cent and 22 per cent, respectively.

★ ★ ★
"NATION'S BUSINESS" for August, 1947, said: "Printing press money can be created by people, as well as by governments. People do it by buying on credit. Consumer credit has jumped 40 per cent during the past year, now standing just under \$11,000,000,000—half a billion above the prewar peak. Compared with current national income and other factors, present consumer credit volume is not high. But this new era of higher prices, higher accounts receivable, requires adjustment of your business finance. It takes more cash to do the same amount of unit business you did prewar. Many small business men are finding it necessary to borrow more from banks to finance their credit accounts. One reports his accounts receivable at \$25,000 a year ago, \$210,000 now. Are such accounts good? Banks aren't sure. Tipoff is in the slightly rising interest rate. It's rising because the banks are afraid the security isn't as good as it was. That means people (and some businesses) aren't paying their bills as promptly as they have in the past. Check more carefully on your customers' credit. Don't accept wartime affluence as ability to pay today."

*Reading this magazine carefully
and regularly will contribute to
your success as a Credit Executive*

It's Banff in 1948

FOR SEVERAL YEARS, the Vancouver Association anticipated that the National Retail Credit Association would hold its 1947 or 1948 conference in that city. Two years ago, Vancouver hotel executives were consulted, and it was impossible for them to promise anything like the number of rooms required.

Subsequently, we investigated the hotel situation in Seattle, as we were committed to holding our 1948 conference in the Pacific Northwest. We could not make satisfactory arrangements for accommodations in Seattle, and the National Board, at our June 19 meeting in St. Louis, selected the Banff Springs Hotel, Banff, Alberta, Canada, as the conference hotel, and June 7-8-9-10, 1948, as the dates for the 34th Annual Business Conference.

There are many advantages to meeting at the Banff Springs Hotel. It will house 900 delegates, and it will be possible for all group meetings to be held in that hotel. The facilities of the hotel, one of North America's finest, will be exclusively for our members, as the conference has been set for the week prior to the official opening of the hotel. Any overflow will be assigned to rooms at the Mount Royal Hotel, and the attractive Becker Bungalow Cabins, located on the mountain three miles from the Banff Springs Hotel, are available for members with automobiles.

The Banff Springs Hotel charge of \$12.00 per person, two to a room, includes delicious meals and compares favorably with charges in this country. The Mount Royal rates, European plan, will be: Single, \$6.00; double, \$8.50; and twin beds, \$9.00. Table d'hôte meals at this hotel average about \$3.00 per day per person.

Becker Bungalow rates for two persons are \$5.00 to \$6.00 per day, four persons \$9.00 to \$10.00 per day, six persons \$12.00 to \$13.00 per day. Bungalows for two to four persons have kitchenettes.

Arrangements have been made with the Brewster Transport Company, Ltd., for shuttle service from the Mount Royal Hotel to the Banff Springs Hotel at 25¢ a trip per person;

and from the Becker Bungalows, 75¢ per person for a round trip.

The distance to Banff for members located in the East, North, South or Southwest is no greater than to Spokane or Seattle.

Based on round-trip fares from St. Louis, the railroad fare to Vancouver and returning by boat to Seattle, thence east by either Glacier or Yellowstone National Parks (direct route) will be \$124.60, lower berth approximately \$42.60, total \$167.20. This includes government tax of 15 per cent. Returning from Seattle south through California and east by the Grand Canyon, the rate is slightly more, \$138.75, lower berth approximately \$48.40, total \$187.15. The round-trip fare to Banff only is the same as the direct route fare, \$124.60. The lower berth fare would be slightly less.

Members in the United States desiring to drive will find good roads by way of the eastern border of Glacier National Park and the International Highway to Calgary, which is 80 miles east of Banff.

It is planned to have a special train from Minneapolis, which will leave there on Thursday evening, June 3, and arrive in Banff Sunday morning, June 6. The special train will leave Banff Friday forenoon, June 10, and will arrive in Vancouver Saturday morning, the 11th. Delegates desiring to do so will be granted a stopover in Vancouver. The day trip by boat is recommended and there is sufficient layover in Victoria to take a sightseeing trip by bus or cab.

There will not be a special train east as members will return home from Seattle by different routes, some going south to Portland, San Francisco and Los Angeles and east by way of the Grand Canyon; while others will return by more direct routes, through Glacier or Yellowstone National Parks.

Reservations should be mailed to the National Retail Credit Association, 218 Shell Building, St. Louis, Mo., between now and October 15. Rooms will be assigned starting in November. *Mail us your reservation NOW!*

L. Shouder

General Manager-Treasurer

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